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NEWS SUMMARY

GENERAL **Israelis**

seek total groups Lebanon show pull-out

to seek a complete rather than par-tial withdrawal of its forces from gains made in the first half of the

he had talks with President Amin Gemayel about an Israeli withdrawal. Sir Geoffrey later arrived in Is-rael for talks with the Prime Minister Mr Shimon Peres, and other se-

nior officials.
Egyptian President Hosni Mubarak leaves for France and West Ger-many today seeking to persuade Europe to take a more active role in reaching a Middle East peace settlement. Page 16

POWs die in riot

Iran admitted that a riot of Iraqi prisoners of war earlier this month left five of them dead and accused delegates of the International Committee of Red Cross, who were visiting the camp, of provoking the out-

Bus attack

An Arab youth was killed and two other injured in a rocket attack on a bus in Jerusalem by suspected Jew-

Suicidal fans

More than 10 people in the south Indian state of Tamil Nada have burnt themselves to death in the last three weeks out of sympathy for the serious illness of the state chief minister M. G. Ramachan-

Bulgarian protest

the committal for trial of three Bulgarians in Rome on charges of con-spiring to kill Pope John Paul in May 1981.

Muzorewa raliv

The first rally held in Harare by Bishop Abel Muzorewa since his re-l ease last month after 10 months' detention ended with supporters of his opposition United African National Council and Zimbabwe's ruling Zanu-PF party throwing stones at each other.

Chad talks fail

Peace talks between Chad's warring factions collapsed, increasing the possibility of renewed hostilities once the Franco-Libyan troop withdrawal is completed. Page 3

Boost for Nakasone

The challenger to Japanese Premier Yasuhiro Nakasone dropped out of the leadership struggle, leaving the way clear for him to serve a second two-year term. Page 3.

Coup denial

Zaire President Mobutu Sese Seko denied suggestions that an attempted coup earlier this month had been crushed with the aid of foreign intelligence agencies.

Drugs hau!

Marseilles customs officers seized 10 tonnes of hashish worth £65m abroard a container ship from the Middle East. Twelve people are being questioned. Portuguese police are holding 14 people after confiscating 2% tonnes of high-grade can-nibis – estimated value 55m – from a yacht called Too Extravagant.

Packed ice

More than 100 Soviet cargo ships were trapped for 20 days by pack ice in the River Lens in Northern Siberia before being rescued by

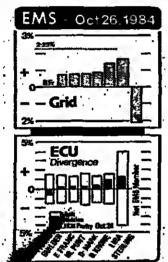
BUSINESS

U.S. steel setback

southern Lebanon and said it year, with import penetration and would "welcome any effort by the British or others to help resolve the problem of Lebanon." The decision came during a visit to announce third-quarter results, is by British Foreign Secretary Sir omitting its final quarter dividend after increased losses of \$79.8m after increased losses of \$79.8m against \$49.7m a year earlier.

> TOKYO stocks turned marginally lower on Saturday as investors ap-peared discouraged by further weakness on Wall Street. The Nikkei-Dow market average was 4.07 off at 11,150.95.

BELGIAN FRANC was the weakest currency within the European Monetary System last week, but re-mained comfortably placed within its ECU divergence limit. Once



the Belgian Central Bank, Indicating the iranc's underlying strength. Elsewhere the Italian lira was the strongest member, followed by the Danish krone.

The chart shows the two constraints on European Monetary System ex-change rates. The upper grid, based on the weakest currency in the system, defines the cross rates from tem, defines the cross rates from which no currency (except the lira) may move more than 2% per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of Eu-

From today the Financial Times increases its regular weekly coverage of the international capital markets to give an extra page of news, com-

ment and prices.

The Monday edition will now contain an expanded list of bond and warrant prices supplied exclusively by the Association of International Bond Dealers. The list covers about 500 latest issues in major currency sectors of the Euro-bond market and takes account of

growing business volume.

The format also includes for the first time regular comment on the UK gilt-edged market, as well as more detailed coverage of the U.S. money and credit markets. Pages 17-19

NIGERIA sent teams of officials to London and Tokyo to inspect the country's imports prior to shipment, in an attempt to move the backlog of goods created by the dismissal of

MALTA suspended imports from Italy to bring a more favourable trade balance between the two

countries. Page 4 ITALTEL, the Italian state commu-

nications group, is to co-operate with CIT-Alcatel of France in digital telephone exchange research and development. Page 18

may end its production pact with Renault in favour of a new deal with Fiat. Page 18

AIR ONE, the U.S. airlina launched 18 months ago, has filed for Chap-ter 11 protection from creditors.

Easier terms urged on Latin American debt burden

BY HUGH O'SHAUGHNESSY

THE DEBT burden of Latin American countries must be reorganised in accordance with their capacity to pay, according to a survey of the re-gion's economic and social progress

In a sombre assessment of the region's present economic state, the Inter-American Development Bank, a Washington-based international lending agency for Letin America, warned that imless the region is given easier terms for its debt servicing and granted fresh inflows of foreign capital, it will find it impossible to recoup the fall in income it has suffered for the past three

in income per head of population last year was the most dramatic setback since the great depression,

tary Fund's austerity programmes which Latin American govern-

and brought living standards down to the 1977 level." The report stops short of overt ation. The bank's own forecast, he criticism of the International Mone-said, was that rates would drop to 9

ments have been obliged to accept, but it clearly diverges from IMF

verge of unilaterally making a 50 to

\$2 per barrel 11 days ago, were permanent until changed, making it clear that they would only be re-

aligned when spot market rates corresponded to official ones, and

even then perhaps not before the

end of the year. We will meet in December and

look at it again," he said with refer-

ence to the next Opec conference

scheduled to start in Geneva in se-

Any Nigerian production cut was "out of the question" and the loss of one harrel would be "suicide." He

indicated, however, that Lagos in-

tended to stick to its quota, which Dr David-West defined as the pres-

ent rate of 1.4m b/d. That volume

was conceded by other members on

a temporary basic allocation under Opec's prices and production pact was set at 1.3m b/d.

Dr David-West also revealed that

he had met with Mr Kaare Kris-

Other members of Opec mean-

tracts and Nigeria's cuts.

ven weeks.

The bank says the 3 per cent drop than 25 per cent of their export in-

terest rates rose to 16 per cent, the region would face a "doomsday situper cent by the end of the decade.

The report suggests that the sharp drop in living standards stemmed from an abrupt shut-off of foreign capital flows to the region. Latin America netted \$40bn in forstrategies.

Mr Willy van Ryckeghem, a senior bank official, suggested at a eign resources for current account press conference in Loudon that financing in 1981 and \$38bm in 1982, Latin American governments but this dropped to no more than American governments but this dropped to no more than

come on debt servicing . sponded to this drying up of foreign
He said that if some forecasts proved correct and international inexceptionally large trade surplus of \$30hn. This was achieved by a sharp reduction of imports, which

last year were in real terms equal to only half those of 1981. At the same time, the bank reports, the drying up of foreign funds brought about a sharp drop in mvestment from 25.8 per cent of gross national product in 1981 to 19.6 per cent last year.

Referring to the manufacturing sector, badly hit hy the regional reession, the report comments: "In the past three years, not only has

there been an increase in idle in-stalled plant capacity – its utilisa-tion fell to a level of almost 50 per cent in several countries - and a ty, but a fall in the levels of industrial investment in new plant capac-ity has been accompanied by the disappearance or deterioration of significant portions of the already installed capacity."

Economic and Social Progress in Latin America: Inter-American De-velopment Bank, 1984 report. 808 17th St. N. W., Washington, DC.

Capital markets, Section II

Walesa in call for calm after kidnap admission

By Christopher Bobinski

MR LECH WALESA, leader of Po-land's outlawed Solidarity trade union movement, appealed yesterday for restraint and calm after an admission by the authorities that Father Jerzy Popieluszko, an out-spoken pro-Solidarity priest, had been kidnapped by three security men 10 days ago and probably mur-

Last night more than 20,000 peopie gathered in the square outside Fr Popieluszko's parish church in northern Warsaw to pray for the missing priest, with strong detach-ments of riot police nearby.

After the service the crowd dispersed quickly and quietly. At St John's Cathedral in Warsaw's old town district, Cardinal Jozef Glemp. the primate, spoke to a congrega-tion of 4,000 of the need to forgive one's enemies.

This followed the announcement by General Szczeslaw Kiszczak, the Interior Minister, in a 20-minute weekend speech that one of his subordinates, Captain Grzegorz Pio-trowsky, a 33-year-old departmen-tal head, bad admitted to killing the

Two of the captain's colleagues were also being beld but there was still no firm indication of the priest's whereabouts despite a massive search, the general said.

He denied that the authorities were responsible. "This unprecedented provocation was meant to threaten our policy of renewal and hence socialist Poland," he said. The evidence the three men were giving was "evasive and lacked coherence." but "their behaviour during the kidnapping makes one regard it as a deliberate, wellmasterminded plot"

No concrete evidence has so far been unearthed, however, as to the "secret inspiration" of the kidnapping, the general admitted.

A party social committee m which ended at the weekend has already given the party leadership damage the NUM's cause among and Gen Kiszczak personal authoritiy to conduct a purge of the security service. Indeed, the indications are that Gen Wojciech Jaruzeiski, the country's military ruler, is poised to use the incident to push back his hardline critics within the

> A group of people, many of them prominent Solidarity leaders, who have spent the last week in the rectory at Fr Popieluszko's church in north Warsaw helping to coordinate the prayer protests, were asked to leave by the Warsaw Continued on Page 16 mission and did so at the weekend.

should not be obliged to pay more \$7bn last year. Nigeria rules Canadian out early oil price increase

BY RICHARD JOHNS IN GENEVA

NIGERIA yesterday ruled out any early realignment of its oil prices with other members of the Organi-sation of Petroleum Exporting Countries, or a cut in its production

The uncompromising stance taken by Dr Tam David-West, Nigerian Minister of Oil, is expected to expedite rather than complicate an greement among other members of Opec on a substantial reduction in collective output - limiting it to 16m barrels a day compared with the official ceiling of 17.5m b/d - at the emergency Opec meeting start-ing in Geneva today.

Six Opec ministers who had talks in Geneva last week reached a pro-visional understanding on the need to deny the market 2m to 2.5m h/d of the probable demand for Open oil, estimated at 18m to 18.5m b/d projected for November, with Saudi Arabia bearing the brunt of the

Agreement, however, could be jeopardised by disagreement over the price differential between light and heavy crude. Dr Mana Said al Otaiba, the United Arab Emirates' Minister of Oil, warned yesterday that the UAE would unilaterally reduce the price of Abu Dhabi Murban Light crude if no compromise The light crudes of Abu Dhabi.

which account for most of the UAE's capacity, have suffered in the market because there is insufficient price difference between heavy crude and the Arabian Light reference crude. Before the pres crisis erupted with cuts of \$1.35 a barrel for North Sea crude first by Norway and then by Britain two weeks ago, Abu Dhabi was on the

workers set to end **GM** strike

By Bernard Simon in Toronto

CANADIAN motor industry work ers have succeeded in negotiating a labour contract with General Motors significantly different to the one accepted earlier this month by 60 per cent cut in its prices.
Dr David West said that Nigeria's the company's U.S. workforce. prices, which were lowered by \$1 to

A tentative agreement between GM and the Canadian branch of the United Auto Workers was signed in Toronto over the weekend, clearing the way for an end to the 10-day strike which has disrupted GM's operations throughout North Ameri-

GM's 36,800 production workers in Ontario and Quebec are expected to ratify a three-year contract today and return to work tomorrow or Wednesday. About 45,000 GM workers in the U.S. have been laid off be-

cause of the Canadian stoppage.
Both sides expressed satisfaction with the contract, which includes guaranteed wage increases for three years as well as cost-of-living allowances. The innovative profit sharing plan in GM's contract with its U.S. workers is not part of the agreement, after the Canadians' demand for a more traditional and, in their comion, more secure system of pay increases.

tiansen, Norway's Minister of Energy, in Geneva and they had dis-cussed "everything." Discounts of \$1.35 a barrel offered to customers. Mr Bob White, the UAW's Canadiby Statoil of Norway on October 12 would end up better off. Under the triggered proposals by the British National Oil Corporation for similar agreements, Canadian workers will receive an average of C\$1.14 (86.5 U.S. cents) more per hour in basic price reductions for its supply conwages over the next three years than their U.S. counterparts. A Canadian truck assemblers' hourly TUC putting forward a draft agreewhile planned to proceed with their proposal to constrict supplies on the

ssumption that Nigeria and the North Sea producers will be pulled Continued on Page 16 dised health care programmes.

pay will rise from C\$13.07 to C\$15.59. A cornerstone of the Canadian union's argument was the lower

back into line when the market cost of labour for the company in tightens and equilibrium is estab-Canada because of the decline in lished. Last week, Sheikh Ahmed the Canadian dollar and state-subsi-

UK unions may press miners to end strike

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

now in its 35th week, is unlikely to be settled in the near future - and the National Union of Mineworkers (NUM) to agree a negotiated settle-

The concern of senior union leaders has been sharpened by reports which will resume this week under of contact between Mr Arthur Scar- the guidance of Acas, the Governof contact between air Arthur Scargill, the NUM president, and his
chief executive Mr Roger Windsor,
and representatives of the Libyan
government. These reports drew
condemnation from every quarter

condemnation from every quarter vesterday.

In particular, Mr David Basnett, eneral secretary of the General Municipal and Boilermakers' Union and a key figure in organising a Trades Union Congress (TUC) con-sensus behind the miners, is known to think that the NUM officials acted in a very stupid dashion, and that support for the union by other trade unionists will be weakened. Moves are expected over the next few weeks to gain a "fresh man-date" from the TUC's finance and general purposes committee, its an director, said that only time most senior leaders, to discuss what might take with the three NUM na-tional officials - Mr Scargill, Mr Peter Heathfield the general secretary

> ment of its own, and seeking to get talks going on that basis, or it might revolve round pressure on the NUM to look afresh at what the National Coal Board (NCB) has on offer.

Whatever form the pressure took, the three TUC leaders charged with monitoring the dispute - Mr Bas

BRITISH TRADE union leaders nett, Mr Norman Willis, the TUC are showing increasing signs of general secretary, and Mr Ray concern that the miners' dispute, Buckton, general secretary of the train drivers' union Aslef - would be settled in the near future - and require agreement from their semay soon seek to put pressure on nior colleagues to breach the noninterference pact agreed by Mr Len Murray, the former TUC general secretary.

The TUC accepts that the talks,

mark the end of efforts to find an agreed solution.

Both the NCB and the NUM submitted documents to Acas over the weekend which lays out their posi-tions. Mr Pat Lowry, the Acas chairman and Mr Dennis Boyd, the chief conciliator, are likely to attempt once more to bridge the gap between the two sides with a paper of their own which attempts to be a compromise between these two positions - but are conscious of working in an unpromising climate. The Libyan connection is likely to

ists, but is unlikely to give Mr Scargill many problems at Thursday's routine executive meeting. While Mr Ted McKay, the North Wales and Mr Mick McGahey, the vicesecretary, and Mr Trevor Bell, secretary of the white collar section Cosa, both criticised the links, Mr Scargill retains dominance over the executive which will not be seriously shaken

> Mr Sid Vincent, Lancashire area secretary, said NUM officials had been travelling all over the world

Major world airlines expected to return to profit this year

percentage points of additional ca-

pacity would reduce profitability hy

\$800m. With supply (of seats) out-stripping demand, the yield would

by only one percentage point, this would cut profits by a further

The airline industry as a whole

is still not earning nearly enough fully to cover all costs, including

fleet and other equipment replace

profits. Therefore, continued vigi-

lance and determination to cut

costs and improve yields are still as

Mr Hammarskjold refers indi-

ahly weaken. If it deteriorated

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

of about \$1.2bn on their Internationcompares with the loss of \$300m in

For 1985, the International Air Transport Association (IATA), which has 134 member-airlines, is forecasting a higher profit of about \$1.5bn, with a further rise in 1988 to about \$1.7bn.

Mr Knut Hammarskjold, who will present the figures in his annuits inspection agents last month. al report on the state of the world airline industry at the IATA annual meeting in Montreal today, says the improvement is the result of vigor-ous efforts by the airlines to cut costs, reduce capacity (the number of seats offered) and generally

Many of them are leaner and tougher than they were before the recession. In addition, air traffic has been growing much faster than "This growth," says Mr Hammarskjold, "is being translated into improved results by greater effi-IMV, Yugoslav car manufacturer,

ciency, and not at the expense of the consumer." He stresses that the financial outlook for the IATA airlines was very vital as ever," he said. finely balanced, bowever. The

THE MAJOR world airlines are expected to earn a profit after interest and sensitive to even slight changes the impact of U.S. anti-trust laws on projected cheaper Atlantic air fares. in traffic capacity, yield or unit cost when he criticises the efforts of some countries to "export their national regulatory philosophies dequickly turn the industry back into deficit," he says.

"With a possible downturn in the economic cycle, traffic growth contains the criticises the efforts of some countries to "export their national regulatory philosophies designed for unified domestic environments."

IATA, with the support of the criticises the efforts of some countries to "export their national regulatory philosophies designed for unified domestic environments."

be slowing by 1985, and is unlikely running battle over recent years to prevent the U.S. Civil Aeronautics to rise above the rate of increase Board imposing anti-trust laws on now being forecast (between 4 and the foreign airlines serving the U.S. In these circumstances just two

"Recognition at government level of the special multilateral nature of the international air transport system is as essential today to the continuing progress of the industry as it was 40 years ago, at the time of the creation of the International Civil Aviation Organisation and the IATA," says Mr Hammarskjold.

Securing this recognition is a

priority objective of the association, and member airlines can play their part in their contacts with their national authorities. "At stake is the survival of a

worldwide integrated air transport system in a constantly evolving en-

Cloudy horizons for airlines business, Page 4

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UK unemployment: 20,000 Technology: new role for the jobs needed each month . 14 humble television 10

World airlines: little cause China:

Textiles: the struggle at Lake Editorial comment: Western Bank of England: governor's Lex: share dealing; Treasury for optimism 4 Survey Section III

Companies 20

Franco-German summit to focus on space projects

BY RUPERT CORNWELL IN BONN

FRANCE will press West Germany Bad Kreuznach is likely to produce for a speedy further commitment to a broad consensus on a necessary major space programmes involving "new start" for Europe, now that the two countries, wheo President the long-running British budgetary Francois Mitterrand and Chancel-problem has at last been settled. lor Helmut Kohl begin a summit

Two issues, the future development of the European Ariane ment negotiations for Portuguese and Spanish entry into the EEC are for Paris and Boan to acquire their proceeding and for which France is own military satellites in the 1990s are set to be at the centre of the talks.

Both have become a touchstone

Both have become a touchstone

of West German readiness to put in-to practice the conviction, often ex-The elections, coming three days pounded by Herr Kohl, that a close after Herr Rainer Barzel resigned Franco-German partnership must as Bundestag president amid allebe e driving force to give new impetus to the European Community (\$562,000) from the Flick industrial concern, will provide a test of public however, Bonn has been unwilling so far to commit more public money to civil space programmes, includ-

ing Ariane.

Difficulties also appear to have arisen over the spy satellite scheme — at least as initially outlined — cent. Baden-Württemberg is the which is currently under examina- West German state with the largest tion by a study group of experts number of independent voters. com the two nations.

The Social Democratic Party won
Earlier this month, Defence Min19 per cent of the vote in 1980 and from the two nations.

istry officials had to deny insistent the small Free Democratic Party reports that Bonn was demanding a only 1.7 per cent.

more equal division of contracting work, as well as major technical revisions to the scheme, before agreeweeks because of a complicated

Even so, the two-day meeting in ter as many votes as there are seats the Rhineland-Palatinate spa of in the council he or she is electing.

Cheysson condemns Moscow over **Afghanistan**

By Paul Betts in Paris

FRANCE CONDEMNED the Soviet presence in Afghanistan yesterday after the return to Paris to a hero's welcome of M Jacques Aboucher, the French television journalist captured in Afghanistan and sentenced to an 18-year prison

the end of last week.

M Claude Cheysson, the
French foreign minister, said
on French national television yesterday that the Soviet pre-sence in Afghanistan was similar to the U.S. presence

in Vietnam. He said France-Soviet rela-tions had remained "unchanged for a good number of months" and that the French

months" and that the French Government continued to condemn the Soviet presence in Afghanistan, its role in Poland and its deployment of SS20 nuclear missiles.

He also emphasised the French Government had adopted a firm position on M Abonchar's release, refusing any deals with Moscow. Indeed, the tough line adopted by the French Government and the national Indignation caused by M Aboucher's arrest appears to have persuaded Moscow to defuse persuaded Moscow to defuse the developing diplomatic con-troversy quickly.

Moscow was clearly reluct-

Moscow was clearly reluctant to allow the affair to blow np at a time of an improvement in relations between Paris and Moscow The improvement followed President Mitterrand's visit to the Soviet Union last June. Relations had been cool until then because of the French president's outstoken support for dent's outspoken support for the deployment of new U.S. nuclear missiles in Europe.

Moreover, M Laurent Fahlus, the French Prime Minister, had threatened to boycott last Friday's celebraanniversary of the resumption of France-Seviet relations. To mark this anniversary, President Mitterrand sent a message to Mr Constantin Chernenko, the Soviet leader, emphasising the importance of an open and constant dislogue between the two countries.

M Cheyeson also sent a message to Mr Andrei Gromyko, the Soviet Foreign Minister, urging greater cou-tacts between the two countries.

A SIX POINT AGENDA FOR THE WESTERN EUROPEAN UNION

Europe pledges harmony on defence

formally to reactivate the 30 year old organisation.

The foreign and defence ministers of Britain, France, West Germany, Italy and the Benelux countries, who were meeting in Rome, bave set themselves a six point agenda for discussions which will take place twice a year at ministerial level and more frequently level and more frequently among ambassadors.

The ministers have also charged their officials with recommending within the next few months ways of reforming the institution of the WEUthough they have enjoiced them neither to increase the present budget nor to engage more staff.

Observers here yesterday saw cation yet that the seven hope to give a new political impetus defence co-operation in

Europe.

The 14 ministers were evidently pleased with their deliberations. Herr Hans Dietrich Genscher, the West German Foreign Minister and current WEU president, spoke of the unanimous agreement to strengthen the European pillar within the Nato Alliance.

Sir Geoffrey Howe, British Foreign Secretary, declared that the ministers had met at importance of tranatlantic relations."

European co-operation in armaments manufacture.

Importance of tranatlantic relations."

European co-operation in armaments Committee could not and should not replace the practical work of the Nato affiliated Independent musting their meeting here. It also seems clear that they left the most coolections issues of restructuring the WEU to their officials to resolve before the

oo Saturday, Sir Geoffey said.

The declaration states that while the 16 member Nato Alli-ance, which includes the U.S. remains the foundation of Europe-o security the seveo were determined to "make better use of the WEU to iocrease co-operation in the field of security and to encourage con-sensus." Sir Geoffrey added

Future meetings

"We are now anxious that these words should be transthese words should be trans-lated into effective action."

The six point agenda for future meetings of defence and foreign ministers entails: General defence questions.
 Arms control and disarma-

Developments in East-West in the conclusion of the ministrelations and their effect on terial meeting the clearest indictions are security. European security.

• European coetribution to strengthening the Atlantic Alliance bearing in mind the importance of transtlantic re-

THE SEVEN governments of the right time and had come next ministerial meeting in the Western European Union to the right conclusions. The about six months' time.

The Western European Union to the right conclusions. The about six months' time.

One of the problems which tank or whether times and security issues follow, which the ministers published the advisability of extending teeth" as separate entities. membership of the WEU. Herr Genscher confirmed on Satur-day that an application for membership from Portugal had

been received, but in a notice-ably cool reaction said simply that it would be considered by that it would be considered by ministers. While its present members do not want WEU publicly to appear as an exclusive club within Europe they are in fact keen to prevent the organisation succumbing to the political problems which followed enlargement of the EEC or which often bedevil Nato.

On the reorganisation of WEU the ministers failed to agree on precisely what should happen to

its two committees. The ministers agreed that the last of the post-war controls on German conventional rearma-ment, which the Arms Control ment, which the Arms Control
Agency was set up to monitor,
ahonid be removed by January
1, 1986 and that the work of
the ACA was already largely
superfluous. They also appeared
to agnee, at least in principle,

Ministers were, however, emphatic that the reorganisa-tion of the committees and of the WEU Secretarist should not result in an increase either in the number of staff employed or in the money spent. The WEU's annual budget is cur-rently about £3m and its staff, including those working for the Parliamentary Assembly, num-ber about 130.

Revival hopes

The ministers' thoughts on the ministers' inoughns on the reorganisation were contained in a separate eight-page published document, two pages of which were devoted to relations with the Assembly. The 89-member body meets today in extraordinary session to discuss the revival of the WEU and its own part in it.

own part in it.

Ministers hope that the Assembly, which had become almost as moribund as the other institutions of the WEU, can help promote debate of and produce a broader concensus for European defence.

The Assembly is composed of MPs nominated by member governments and is the only representative European body mandated to discuss defence. However, many observers feel

However, many observers feel it will need as great, if not greater, revitalisation than the WEU itself if it is to fulfil those

Nicaragua says no to changing Contadora pact

MANAGUA — Nicaragua's Foreign Minister has said his government will not accept significant changes in the Conta-dora treaty, a draft peace pact which has run into opposition from the U.S. and his Central American allias American allies.
Sr Miguel d'Escoto's statement was the first clear indica-

guan positions could spell the

Mondale battles against the odds By Stewart Fleming in Washington

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file

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A POLICE

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The start

WITH JUST over a week left before Americans, go to the polls to elect a new president, Mr Walter Mondale, the Democratic Party challenger to President Ronald Reagan is once again battling to dispel fears that he is too far behind the president to win.

The latest public entoing

the president to wis.

The latest public opinion polls show that Mr Reagan's support is solid, and that since the second televised debate with Mr Mondale last Sunday, he has begun to widen his load slightly over his challenger. Mr Mondale's advisers are now beginning to warry that the widespread perception that their candidate cannot win may reduce voter turnout among Mondale supporters and hand Mr Reagan a spanking victory.

High among the concerns in

Reagan a spanking victory.

High among the concerns in the Democratic Party on this score is the fear that a sweeping victory could diminish or perhaps even eliminate Democratic hopes of securing control of the Senate from the Republicans. There are fears too that a failure to motivate Democratic supporters could result in the loss of enough seats in the House of Representatives to reduce the ability of the party to oppose a re-elected President Reagan's policies. Reagan's policies.

Reagan's policies.

The latest New York Times/
CBS News poll published yeaterday has Mr Reagan leading
Mr Mondale in a presidential
preference run off by 53 percent to 35 per cent. The 18point margin for the poll which
was taken last week following
the second televised debate
compares with a 13-point margin in a poll after the first
televised debate.

Mr Mondale and his sides,
buoyed by resterday's decision

buoyed by yesterday's decision of the New York Times to endorse the former Vice-President, are describing the polis as misleading. They claim that the "glight" shift to Mr Reagan is inclinated. is insignificant.

is insignificant.

It is not only the polic, however, which have been moving Mr Reagan's wey. The recent cut in the prime lending rate by major commercial banks, which has taken this high visibility indicator of the cost of borrowing down to 12 per cent, coupled with good inflation news and moderate growth in the and moderate growth in the third quarter, has prevented Mr Mondale from effectively attack-ing Mr Resgan's sconomic poli-

Yugoslavia sets ambitious economic goals for 1985 BELGRADE — Yngoslavia, publics before final parliament-faced with large foreign debts, ary approval has announced ambitious ecohas announced ambitious economic targets for next year, including increased exports and industrial output. Details of the 1985 draft economic development plan, approved at a government session on Saturday night, were released in Belgrade newspapers yesterday. The draft will be discussed by Yugoslavia's six refinancial. Times, USPS No. 190640. published daily excent Sundays and holidays. U.S. subscription rates \$420.00 per anatum. Second class to service the Government said. The main 1985 economic targets are for increased exports, industrial and agricultural production. The plan also envisages lower inflation, now running at more than 60 per cent, as well as a balance of payment surplus and the creation of conditions to service nearly \$21bn worth of foreign debts, the Government said. Yugoslavia's gross national product should go up by at least 3 per cent next year, industrial production by more

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The one real cloud may well be

reaction to the government parties.

The Christian Democrats won 33 per cent of the vote in local elec-

electoral procedure giving each vo-

dustrial production by more than 4 per cent and agricultural output by about 25 per eent, according to the plan,

Row over French research site

BY DAVID MARSH IN PARIS

out in France over the Government's decision to choose Grenoble rather than the competing scientific centre of Strasbourg as the home for a \$100m European X-ray research complex.

The Strasbourg research commu-nity has accused the Socialist Government of choosing the site on political rather than technological

M Hubert Curien, the Research and Technology Minister, defended the choice in the National Assembly in the face of protests from Strasbourg opposition deputies, claiming that Grenoble was the better site and had been more effectively trading.

One of London's smallest and

restaurants.

A POLITICAL dispute has broken fought for by that region's scientific

community.

The European project is for an Xray synchotron source made up of a ring 770m circumference, used to face of the Government's promise speed up electrons close to the velocity of light so as to permit recapital. search into materials structure in a range of scientific, industrial and

Apart from France and West Germany, which are putting up the li-on's share of the cash, Britain, Denmark, Finland, Italy and Sweden are also involved.

The French Government's decision to choose Grenoble in the French Alps, was made after more than a year of complex horse-

cialists - and scientists from Strasbourg have argued that rejection of their city's candidature flew in the

Political leaders - including So

Regional and city authorities from the two competing centres tried to sway the decision by put-ting up considerable financial intried to sway the decision by put-ting up considerable financial in-centives, Strasbourg offering FFr 100m (510.7m) and Grenoble FFr 80m.

Washington last month changed its position on the treaty Diplomats said the seemingly irreconcilable U.S. and Nicara-

West Germany favoured the

Strasbourg

A key scientific factor behind the by the foreign ministers of Government's decision is the existence of a large nuclear research Colombia in January last year. community in Grenoble.

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mend?

Hong Kong cuts prime lending rate to 12% By David Dodwell in Hong Kong

PRIME LENDING rates in Hong Kong were trimmed by one percentage point to 12 per cent at the weekend by the Territory's association of banks as interest rates eased in the U.S., and as market operators talked of increasing investor confidence.

The cut is the second within a month. The revised rate compares with a rate of 17 per cent in July as jitters over the fate of Hong Kong when Peking regains sovereignty in 1997 triggered a short but sharp run on the local currency. on the local currency.

The cut has been widely expected over the past two weeks, and this has resulted in a strong stock market perform-ance. It was welcomed at the weekend, particularly by local property companies, many of which carry heavy debts following the property crash of two years ago, and which see lower interest rates as an essential precondition for any recovery

in the house-buying market.

Investor confidence bas
improved in Hong Kong
following the successful completion in September of pro-tracted and secret Sino-British negotiations over the Terri-

tory's future. Local and foreign investors have also been buoyed by e powerful export-led economic recovery over the past year.

Trade statistics for the first nine monthse of 1984, dne in e matter of days, are expected to show real growth in exports from the region of 25 per cent, and a visible trade surplus for the first time in ebout five

. years. Falling interest rates in the U.S. are also an important factor in the interest rate cut, because the local currency has been linked since October last year to the U.S. dollar.

Argentina torture

Argentine public officials or private citizens who torture prisoners can be jaked for life under new powers' given to courts, Reuter reports from Buenos Aires. Officials who. know a prisoner is being tor-tured and fail to report it within 24 hours face a similar sentence, a government official

South Africans admit working for arms agency

PRETORIA — Four South Mr Hendrik Botha, one of the Africans wanted by a British four fugitives, said:

The four struck a patriotic filegally exporting weapons system to alleged arms smug
We do not see ourselves as that they were exporting items to South Africa in violation of the UN embargo, the

"We do not see ourselves as that they were exporting items arms smugglers, but as officials in contravention of British law. Four were freed by a Coventry courselves as that they were exporting items in contravention of British law. Four were freed by a Coventry courselves as the four court after South Africa paid court after South Africa paid court after South Africa also promised the four would return to Britain on October 22 to face the charges.

"We do not see ourselves as that they were exporting items in contravention of British law. Four were freed by a Coventry court after South Africa paid court after South Africa also promised the four would return to Britain on October 22 to face the charges.

"The Press conference, marked to working also promised the four would return to Britain on October 22 to face the charges.

"We would like to stress that they were exporting items in contravention of British law. Four court after South Africa also promised the four would return to Britain on October 22 to face the charges.

The Press conference, marked to working arms smugglers, but as officials in contravention of British law. Four after South Africa also promised the four would return to Britain on October 22 to face the charges.

But on September 13, six South African opposition politicals and their face the charges are freed by a Coventry court after South African also promised the four would return to Britain on October 22 to face the charges.

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But on September 13 to face the Charges and the four would return to Britain on October 22 to face the charges.

But on September 13 to face the Charges and the four would return to Britain on October 22 to face the charges.

we acted in South Africa: insored by Armscor, the company
which bas turned South Africa
ioto a weapons exporter in
spite of a UN embargo aimed
at punishing the country because of its policy of apartheld. weapons systems for the defence of our country," be said.

said.

The Press conference, marked the first time the men have spoken publicly about their mission to Britain in March that landed them in prison and later at the centre of a dispute between the British and South African Governments.

Arrested and charged with to face the charges.

But on September 13, six ment could have retaliated in other ways, without going hack on its word.

There has been persistent british consulate in Durban. Speculation that South African feared the fugitives return to Britain on October 22 soarp attack for breaking its oath. Critics said the Government could have retaliated in other ways, without going hack on its word.

There has been persistent british consulate in Durban. Speculation that South African feared the fugitives' return would jeopardise other Armscor attempts to dodge the embargo.

Monday, and the court issued warrants for their arrest. Domestically, the issue brought the Government of President P. W. Botha under sharp attack for breaking its

Jumblatt and

Berri threaten

By Nora Boustany in Beirut

TWO LEADING Moslem

Government have threatened to resign because of delays

Mr Nabih Berri, the South

Lebanon Minister, warned over the weekend that be

would quit unless the

efforts to carry out reforms. He also objected to a Cabinet

decision cancelling state sub-sidies for fuel as part of

austerity measures for the

Mr Walid Jumblatt, the Druze leader who is Tourism

and Public Works Minister.

charged separately that President Amin Gemayel and Prime Minister Rashid Karami were stalling on

planned reforms that should

give Moslems a greater share

Mr Jumblat bas made a

habit of boycotting eabinet

meetings lo receot weeks. The two most recent, extra-

ordinary ministerial sessions

concentrated on recouping

lost government income, tax

On Saturday, officials were

in political power.

accelerated

over political reform.

Government

coming year.

to resign

Mubarak in France and W. Germany to promote peace bid

BY TONY WALKER IN CAIRO

PRESIDENT Hosni Mubarak of Egypt travels to France today at the start of a brief Europeao tour in an effort to gather support for renewed Middle East peace initiatives.

Mr Mubarak will eoofer with President Francois Mitterrand of France before going on to West Germany for meetings with Chancellor Helmut Kohl. High on the agenda of both sets of discussions will be the Palestiniao issue.

The semi-official Al Abram newspaper, in an editorial on the eve of Mr Muharak's departure, called for a revival of European efforts to secure a comprehensive Middle East

The newspaper noted that the European Community's 1980 Venice declarations of support for Palestinian sen-ucion bad not resulted in a detailed plan of action, partly because of the lack of a unified Arab position.

Egypt, in recent months, has been pursuing a more activist foreign policy. Jordan's decision late last month to restore ties with Cairo, broken at the time

Mr Mubarak and King Hussein earlier this month agreed to work for a renewed Middle East peace effort, including the possible holding of a Middle East peace conference.

Western diplomats in Cairo see present discussions in various centres about possible renewed Middle East peace efforts as part of a general preparation for the period following the U.S. presidential election when it is expected the new Administration will play a more active diplomatic role in the region.

However, while deep divisions remain within the Arab world, notably between Syria and the moderate Arah states such as Egypt and Jordan, there is not much optimism about real progress on the Palestinian question

Mr Mubarak is also expected to discuss economic assistance with his French and German hosts. Both France and Germany have extensive economic links with Egypt and are significant aid donors in the form of direct grants and "soft" loans. Mr Muharak was also to have

these visits were cancelled. No

Plot fails to end Nakasone's premiership

MR YASUHIRO NAKASONE cise terms under which Mr presideot, and, curiously, chair-was obliged to endure a difficult Nakasone's name would be put man of the Tanaka party hroadside against Mr Nakasone's weekend, including revelations forward this morning. of a detailed political plot against him, but was last night finally assured of being returned as Prime Minister of Japan for another nominal twoyear term.

Senior executives of the ruling Liberal Democratic Party convened in virtually non-stop session throughout the weekend, to debate what has for weeks seemed increasingly inevitable — that Mr Nakasone would be presented as the sole candidate for the party presi-dency at next month's conven-

However, it was only yesterday evening that his three potential challengers, Mr Kiichi Miyazawa, Mr Shintaro Abe and Mr Toshio Komoto, threw in the night to determine the pre- Susumu Nikaido, the LDP vice- presidency. Mr Nikaido then

This centred on exactly bow he would promise to "reform" the party, which means, in prac-tice, how be would pledge to reduce or eliminate the per-ceived influence of Mr Kakuei Tanaka, the former Prime Minister, convicted a year ago of accepting bribes from the Lockheed Corporation but still the most powerful politician in the land. Mr. Tanaka is Mr. Nakasone's biggest backer. The major diversion of the weekend was the revelation of

the extent to which Mr Tanaka's some months that the search However, Mr Nikaido dis-

as Mr Zenko Suzuki and Mr Tako Fukuda, who run the second and third largest groupings, but also by the leaders of the second and third largest opposition parties, Komeito, the Buddhist based party, and the Democratic Socialists.

Mr Nikaido insisted that he party. bad never taken the overtures seriously. But he undermined this protestation by revealing that on Saturday be had had opponents have gone in their that on Saturday be had had attempt to prevent Mr what be portrayed as an acrimonious conversation with Mr It has been well known for Tanaka, during which he commonious conversation with Mr Tanaka, during which he complained that his boss never seemed willing to allow one of the towel, and the party execu-for a compromise alternative seemed willing to allow one of tive was still meeting late into candidate has centred on Mr his faction to run for the party

However, Mr Nikaido dis-closed over the weekend that he bad been approached not only by such LDP factional leaders as Mr Zapko Suruki and Mr who is very popular and who now stands revealed as both a supporter and a rival. Second is what it portends for the con-

> most effective force inside the traordinary debates, which were widely reported to the public, also reveal the depth of mistrust of Mr Nakasone that exists inside the ruling party. For all his external image as a strong leader, the Prime Minister has been reminded that the lease he holds on the party is not yet

faction whose approximately 120 members io parliament are the

Chad peace talks collapse

BRAZZAVILLE-Peace talks between Chad's warring factions bave ended in fallure, leaving open the possibility of renewed bostilities once France and Libya complete troop with-drawals. But delegates from both the French-backed admi-

La I I Land

onted as saying that ships using illegal ports to unload would be attacked and confiscated. Mr Karami issued instructions to army commanders and police to draw up plans

government cootrol.

of the peace treaty with Israel in 1979, has given Egyptian diplomacy a significant boost. **Egypt's Economy Minister**

attacked over court case BY OUR CAIRO CORRESPONDENT

EGYPT'S state prosecutor has Jammal Trust, was eausing a launched an extraordinary sharp rise to the value of the attack on the country's Minister dollar on local financial marof the Economy over a case in- kets, volving corruption charges The assistant against bank executives and a warned Mr Sai collection and extending

Minister, not to interfere in the

The assistant prosecutor warned Mr Said "against repeating this behaviour in the prominent money broker.

During preliminary bearings at the weekend by the Special Court of Ethics, Mr Hosny Abdel Hamid warned Mr Serious tension over the case. Mustafa Sald, the Economy Minister not to inverfers in the Serious tension over the case.

known to be concerned about the adverse publicity arising Mr Hamid was referring to remarks Mr Sald is alleged to Jammal, Centrol bank officials have made to e newspaper in which he claimed that action against the bank executives, including Mr Ali Jammal, chairman of the Lebanese and the adverse publicity arising from the prosecution of Mr Jammal, Centrol bank officials are believed satisfied that Mr Jammal has made satisfactory arrangements to repay to local banks debts which in part led to the court ection.

DHAKA — Bangladesh's Hasina Wazed said President parliament. main opposition groups said today they were dismayed by the postponement of parliamentary power to civilians but was to lift mar electious planned for December, trying to consolidate his own an interim He and other opposition leaders want President Ershad to lift martial law and set up postponement of parliamentary power to civilians but was to lift martial law and set up elections planned for December, trying to consolidate his own an interim government to entry said the decision exposed the "antocratic character" "This was reflected in his Mr A. R. Yusuf, special

of the military government that often spoke of civil rule only to befool the people but has no respect for democracy." ha; no respect for democracy."

President Hossain Mohammad

Ershad put off the elections indefinitely yesterday for a said the President put up a said the President put up a said the President put up a smokescreen by repeatedly full election, hut it is not announcing election timetables that a possible without all parties participating," be said.

The refusal of the main opposition groups to take part in the ways of resuming the talks. It was the second time in less than a year that disagreement about who has the right to speak as Chad's legal government had wrecked efforts to negotiate a settlement.

"This was reflected in his persistent refusal to accept assistant to the President, said opposition conditions for the elections," the alliance said in a statement.

"This was reflected in his Mr A. R. Yusuf, special persistent refusal to the President, said the decision to postpone elections," the alliance said in the refusal of the main opposition to the said of the main opposition.

Bangladesh elections postponed

nistration and its main rival faction said they would explore

for seizure of the illegal harbours which operate under protection from armed mili-tias all along Lebanon's

MANNESMANN

It takes a computer to remember it all Mark Twain 18th floor, right

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Libyan pressure on Irish beef sales

By Brendan Keenan in Dublin LIBYA is increasing its ressure on the Irish Republic correct the trade im-

to correct the trane imbalance between the two committees. The Libyans have taken no beef from Ireland for several weeks, although exports of live cattle are continuing. Beef and cattle make up about 80 per cent of Irish exports to Libya, worth up to 1580m (£65m) a year.

Mr Seamus Purcell, the leading exporter of beef to Libya, had talks in Tripoli last week. The Libyans want the Irish to buy crude oil in a direct deal through the Irish state oil company INPC, but some traders are not in favour of typing beeg sales to oil nurchases. They woint out oil purchases. They point out that Irish beef must compete on the open market for Libyan sales and see no reason why Ireland should reason why Ireland should not buy oil on the open mar-ket. Official Libyan oil prices were up to \$3 more expensive than comparable British erude, which supplies most Ireland's needs, even before the recent price cut.

The Irish Government is reluctant to get directly involved in negotiations with Libya because of disagreements with aspects of Libyan foreign policy and the Libyan foreign policy and the Libyan Government's sometimes ambiguous attitude to the troubles in Ireland.

There are suggestions that the Libyans feel that Ireland has not taken trade relations between the two countries sufficiently seriously. This may be corrected at a meeting

of their joint trade commission in a few weeks.

Libya bonght beef and cattle valued at Ir£10m last

Cloudy horizon for airline business

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ALTHOUGH THE overall finantional Air Transport Association meeting in Montreal this week have little real cause for

Iata is forecasting a collective profit on its members' international scheduled services of about \$1.2bn for 1984, well above last year's loss of \$300m. For 1985 and 1986, profits are expected to continue to improve to \$1.5bn and \$1.7bn respec-tively.

But there the good news ends. Not only is there as likelihood of another traffic downturn in the mid-1950s, but Mr Knut Hammarskjold, soon-to-retire director-general of the lata, stresses in his annual report that a mass of troubles still beset the world airline industry. The industry is still trying to to improve its position following the cumlative losses of \$6.2hn registered since 1979. Many airlines are still trying to cut costs by laying off surplus labour, selling unwanted aircraft, eliminating unprofitable routes, and generally slimming down.

SHIPPING REPORT

BY ANDREW FISHER, SHIPPING CORRESPONDENT

Atlatnic picked up sharply last round trips, week, as the Russians chartered

At the same time however, ing, the assembled chairmen and chief executives of the 134 member-airlines of the International Air Transport Association national markets, all continue to force fares down, making it more difficult for airlines to earn profits, despite rising traffic.

Some of the major issues likely to be discussed in Montreal include: how to pay for the new fleets that will be needed through the rest of this century; how to recover "blocked earnings" — money owed by foreign governments which refuse to pay; and fares discounting by governments and airlines in many countries, especially in the Third World.

Other problems include rising charges for en-toute navigation facilities, landing fees and aircraft parking charges, increasing levels of insurance on aircraft bulls, the imminent removal (especially in the U.S.) of past immunities on taxes on international air transport and the everyperalent fear of anti-

Atlantic rates up but Gulf remains quiet

FREIGHT RATES across the \$5,500 a day for transatlantic cargoes, while the dry cargo seven more of around 2m dwt

meet traffic growth and comply
with new noise regulations.
This will require profits, before
interest, of some 7.5 per cent
of revenues or 10.5 per cent
of the problem and some proafter allowing for tax.

The profits likely this year will fall far short of this. How, then, can the airlines meet their re-equipment bills? The only answer is new methods of financing.
As for blocked earnings,

lata estimates that some \$850m is still owed to the airlines by various countries. Some \$500m was recovered over the past year. African countries are the major culprits but the situation in the Middle East is now growing more serious.

Ista recognises the desperate shortage of foreign currency in some countries but it argues that the countries are jeopardising their own primary sources of such cash because sooner or leter the airlines will cut off services if they cannot repratriate their earnings. This has already occurred in some African countries.

market in the Far East was were likely to appear in the

gress bas been made but in some parts of the world government support for undercutting makes it difficult to prevent. The problem with insurance

where higher premiums have been applied indiscriminately "with little regard to the "with little regard to the claims experience of the individual airlines," has prompted lata to study the possibility of reviving its own private insurance companies—Air Transport Insurance and Air Transport Guarantee, registered in Permuda Bermuda

In lata's view, the current situation shows signs of a "silver lining" in a cloudy horizon. There temain many problems, not least the need for problems, not least the need for governments to recognise that air transport is "an interwoven, inter-dependent entity, developed through half a century of consensus and coordination.

the ever-prevalent fear of antitrust actions against lata members in the U.S.

A study by the lata secretariat has shown that over the
next decade the association's
members will need to spend up
to \$150bn on new equipment to reprairiate their earnings. This developed through hair a century of consensus and cotury of cons

Nigerian inspection teams arrive

By Patti Waldmeir

NIGERIA has sent teams of officials to London and Tokyo to inspect the country's imports prior to shipment, in an attempt to move the backlog of goods created by Lagos's agents last month. Four inspectors arrived

Four inspectors arrived in London on Friday, and will begin physical inspection of goods later this week, the Nigerian High Commission said. Eligible for inspection will be cargoes which are covered by the "form M" import document which would have required inspection by SGS, the Swiss agents whose contract with Nigeria expired on September 30. on September 30.

The Nigerian central bank has authorised banks to accept a clearance certificate from the team in place of the required "clean report of findings" from SGS when negotiating payment to exporters holding confirmed letters of credit.

The central bank began issuing the central bank began issuing forms M naming newly-appointed agents earlier this month, and UK agents Cotecna International (UK) said goods covered by these documents can begin being cleared by the end of this week.

The new agents have not, how-ever, so far been anthorised to inspect the substantial number of cargoes which are covered by forms M issued before October L.

Exporters have been instructed to ship these goods to Lagos for inspection on arrival, but many have been reluctant to do so, fearing that the goods might be refused entry or prices arbitrarily cut at their destination.

U.S. mixed

export credit

change near

TWO U.S. Government agencie

an inter-agency committee before offering mixed credit financing for a multi-million-dollar locomotive sale to

dollar locomotive sale to Botswana in which the competition is a subsidised Canadian exporter.

The Reagan Administration is philsophically opposed to subsidised export credit and when it does make such offers it would prefer to bid against France, which it believes to be blocking a move towards concensus on mixed credits within the

mixed credits within the

Organisation for Economic Co-operation and Development (OECD).

Congress last year lost patience with negotiations to end or limit "predatory" financing by competing countries and

by competing countries and passed legislation requiring that the two agencies offer mixed credits.

AID, which provides foreign aid for development, has been particularly reluctant to allocate its limited resources for commercial deals but

for commercial deals but Eximbank has already offered mixed credits in support of U.S. exporters five times this

year.
The U.S. has won only one of these bids so far, a \$15m deal for machine tools told to Indonesia against Japanese and French competition. Although Eximbank and AID will not be directly challenged.

will not be directly chal-lenging France, the most aggressive provider of mixed credits in the Botswana bid

It is thought that the proposal will serve notice that the U.S. is prepared to throw its resources into subsidised financing if necessary.

Officials still hope that the EEC

will reach a mixed-credit concensus next month so that general OECD talks may begin in December.

By Nancy Dunne in Washington

Western electronics in Indo-Soviet barter agreement BY JOHN ELLIOTT IN NEW DELHI

INDIA intends to adapt electronics technology wich it imports from its European and Japanese collaborators to build up its own electronics exports to the Soviet Union. The exports, including satellite and telephone equipment, will form part of a barter trade worth up to \$200m a year under which India will import three large frame computers from the Soviet Union for use in nuclear and other fields.

India sees the Soviet Union

and other fields.

India sees the Soviet Union as a major potential market to supplement its own domestic demand. It plans to increase the value of its electronics production from \$71.3hn a year to \$10hn by 1990 and believes that bulk sales to the Soviet will help it reach these targets and meet international price and quality levels.

But the Indian Government regards the Soviet offer of the new Elbrus super computer, costing about \$20m, which will be used in Russia for the first time next year and imported by India in 1985 as its major catch.

bulk sales to the Soviet will help it reach these targets and meet international price and quality levels.

The arrangements will also help solve India's problems over importing the arge computers it needs. The U.S. is refusing to sanction Indian computer orders from IBM and Control Data Corporation without firm guarantees about the computers' end use.

"We are in a very difficult situation with countries in buying computers, even for our oll and railways networks," Mr S Vlajayakar, secretary of the Indian Electronics Department, aisd.

"We cannot always have people prowling around to see what we do. We are a self-inceporting country and we need a second source."

There has been controversy in the setch of the sale of the second source."

The agreement to sell it is seen as a significant example, so far mainly seen in the agreement to sell it is seen as a significant example, so far mainly seen in the unusually generous offers of advanced to mainly seen in the seen as a significant example, so far mainly seen in the unusually generous offers of advanced to mainly seen in the seen as a significant example, so far mainly seen in the seen as a significant example, so far mainly seen in the unusually generous offers of advanced technology to India in order to wean the country sway from reliance on the West.

A list has been drawn up of light to the Soviet will require prior approval from foreign collaborators. One litem is telephosic instruments, for which technology is to be licensed by India from two computers of the six are GEC from the UK, seriesson of Sweden and NEC of Japan.

UK component maker sets up joint factory in Delhi

BY KENNETH GOODING, HOTOR INDUSTRY CORRESPONDENT

QUINTON HAZELL of the UK, chief executive, "The invest of New Delhi to produce steer-ing and suspension components, years-this year to 420,000 in 1986. Official forecasts suggest that

this year to 420,000 in 1980.

The new company, 60 percent-owned by Taibros, aims to capture between 15 and 17 percent of the fast-growing Indian market. In addition QH will the components through its aftermarket (replacement parts and accessories) network in the U.S., Australia and South-East Asia.

The joint company, QH Taibros, aims to company will offer steering joints and steering linkages for cars and commercial vehicles.

The deal should also help protect QHs position in South bros Steerlinks, has acquired a may soon offer mixed credit financing for exports, in an effort to compete more effec-tively in foreign markets with subsidized exports from other countries. The Export-Import Bank and the Agency for International Development (AID) are awaiting final approval from

ing to Mr Ray Sollett, QH's disappearing from the ar

OUNTON HAZELL of the UK, chief executive, "The investin what it claims is a milestone
in the development of the automotive component industry in
India, has set up a joint company with the Taibros Company
of New Delhi to produce steering and suspension components.

bros Steerlinks, has acquired a factory and is in the process of £1.25m, mainly supplying conequipping it. The total investment will be over £1.3m, according to the control of the contro

Deficit prompts Maltese ban on Italian imports

BY GODFREY GRIMA IN VALETTA

MALTA HAS suspended imports from Italy to exert pressure towards a more favourable. trading balance between the two countries. Last year the Maltese trade deficit with Italy reached M£70m (£119m) in spite of pledges by the Italian Government to buy more Mal-tese goods.

A central bank statement said the temporary step was being taken to avoid a "very bad" situation from becoming disastrous. No import licences or cash payments to Italy will be sanctioned while the ban is in force.

Maltese imports from Italy are worth M£85m annually and include M£35m worth of refined petroleum products. Italy im-ports M£15m worth of semi-manufactured goods and reexports. Attempts to persuade Italy to increase its imports or to step up investment in Maita's manufacturing industry have not borne fruit.

The central bank said that the ban would stay in force until an improvement in trading relations became visible. A similar ban already operates on Japanese goods and at one time imports from France were restricted.

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week, as the Russians chartered more abips to import grain from the U.S. But tanker activity in the main Gulf loading area was weak as a result of uncertainty over oil prices.

Details of Soviet chartering were sketchy. But Denholm Coates reported that five Panamax vessels, capable of going through the Panama the process of the Canal, were taken at around in the U.S. Gulf for grain the U.S. Gulf for grain the day previously farshed dull.

Tanker business from the dull.

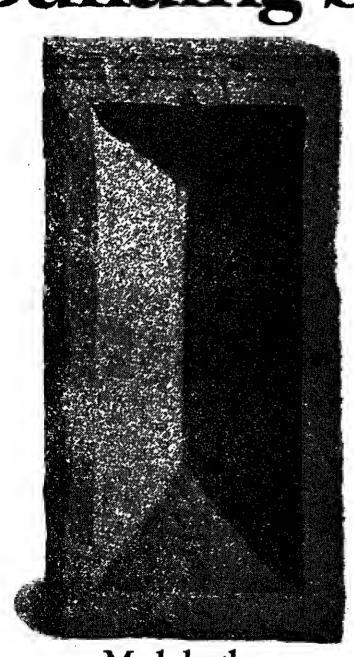
Tanker business from the first balf of November.

Chartering of VI.Cs (very Middle East virtually dried up for Panamax ships from the last week, as operators waited to see the outcome of talks between producers on future oil prices.

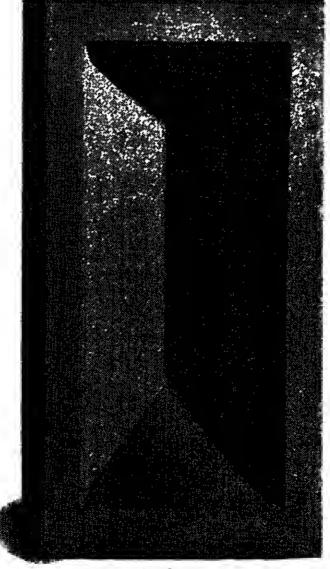
Nearly 40 ships totalling loading region to show real around 11m deadweight tons are lying idle off the Gulf.

Nearly 40 ships totalling loading region to show real around 11m deadweight tons are lying idle off the Gulf.

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GAS IS WONDERFUEI

Inflation put at under 5% over next four years

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

UK OUTPUT will continue to grow cent in 1984 and 2 per cent next at an average rate of around 2 per cent a year for the next four years with inflation a little under 5 per 3.1 per cent. cent, the London Business School's centre for Economic Forecasting says in its latest Economic Outlook

However, it says this growth would not be fast enough to reduce the second quarter of 1984. This unemployment in the period The does not square, however, with the number out of work is expected to most recent evidence from Confedrise to an underlying adult rate of 3.3m by 1986 and to remain at that of manufacturers and the centre level for the next two years. The says: "One problem is that the smalcentre says that its forecast as lest firms, where much of the recovumes that the miners' strike will be over by the end of the year.

The effects would then be confined mainly to the coal industry, but it will also change the growth rate of the whole economy. Under-The effects would then be conlying growth rate for gross domes-tic product is estimated at 3% per ufacturing sector is misplaced."

The centre says that apart from the loss of output due to the strike, official figures suggest a fall in manufacturing production between the fourth quarter of last year and eration of British Industry surveys ery is evident, are excluded from

preliminary statistics."

It says that on past experience a year. Taking account of the strike, turning point in the business cycle these figures become 2.3 per cent at 3.1 per cent. turning point in the business cycle might be expected to have happened in 1983 or 1984. After threeand-a-half years in which output had been growing at between 2 and 3 per cent a year, the centre says it expects some slow-down in growth, but only to about 2 per cent a year.

A substantial further rise in investment is expected, with total pri-vate non-residential investment up by more than 22 per cent during the two-years 1984 and 1985.

Companies were likely to main-tain profitability and meet substantial increases in average earnings by continuing to achieve exception-ally large gains in productivity. The centre adds: "So despite steadily rising output we expect total employment to rise only by half a per cent a year, not quite sufficient to match the rise in the working population."

BL may raise car pay offer

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

AUSTIN ROVER, BL's volume car subsidiary, is today expected to make a slight improvement on the pay offer rejected overwhelmingly by its 28,000 manual workers.

But the key test will be whether enough extra money will be forthcoming for union negotiators to seek a re-think by the workforce which has voted to support industri-

The company has said it wants "a reasonable negotiated settlement. Mr Harold Musgrove, the chairman, has set the tone for today's talks with a warning that strike threats will not intimidate the management into agreeing wage settle-ments that can not be afforded.

Similar forceful warnings will be pressed at the recently privatised Jaguar Cars which faces a more urgent strike threat. The 7,000 manual workers have voted to walk out from Thursday in protest at an of-fer which would give a typical trackworker a rise of more than £25 a week over the next two years.

thority behind repeated management declarations that no more new money is available. In a letter to workers he emphasises: "A strike, no matter how protracted, will not change the company's of-

Jaguar management will spend the next three days trying to shift opinion against a stoppage. Efforts to involve national union leaders in any move to break the deadlock will be hampered by the fact they will be tied up in the delicate Austin Rover negotiations.

Both sides at Austin Rover hope yand today. The company, with its opening offer of 4.7 per cent plus consolidation of £3.75 a week bonus in each of the next two years, has clearly left a little room for manoeu-

It seems inlikely that concessions will be made on a much-criticised ing taken if it has not been sanc-productivity-related incentive tioned by a full secret ballot.

Mr John Egan, the chief execu-tive, has thrown his personal an-so a week might be added to basic

sufficient to buy off union opposition in the negotiations at Jaguar. More militant shop stewards have been arguing that last week's mass meeting have given the nego-tiating committee a mandate to give

strike notice should it not be satisfi-ed with the revised company offer. It seems more likely that the company will make any improve-ment sufficient to justify the negotiators consulting further not only with the shop stewards leaders but with the whole workforce.

Austin Rover is known to be unhappy with the use of mass meetthe negotiations will not drag on beconsidering whether to take advan-tage of Part 2 of the 1984 Employ-ment Act which only came into force a few weeks ago.

Under the new legislation employers can go to the High Court to obtain an injunction and/or damages to prevent industrial action be-

Price plan would hit small airlines

BRITISH AIRWAYS (BA), is seeking a pricing policy for airport charges which would "discourage the use of small aircraft" at Lon-don's Heathrow airport. This would be likely to hit small

airlines competing with BA at Brit-ain's main airport. Heathrow is running out of runway capacity at peak times, especially at the height of the summer.

A Government limit of 275,000 fixed for next year when Terminal Four opens at Heathrow, but the sirport operated close to or at that

Whitehall policy to liberalise domestic air services, with more airlines and competition on routes, is partly responsible for the pressure on runway capacity.

☐ THE GOVERNMENT is expected to take the first formal step towards removing its statutory controls on the price of milk this week. This would end price controls for so-called "premium" milks, such as those produced in the Channel Islands and South Devon.

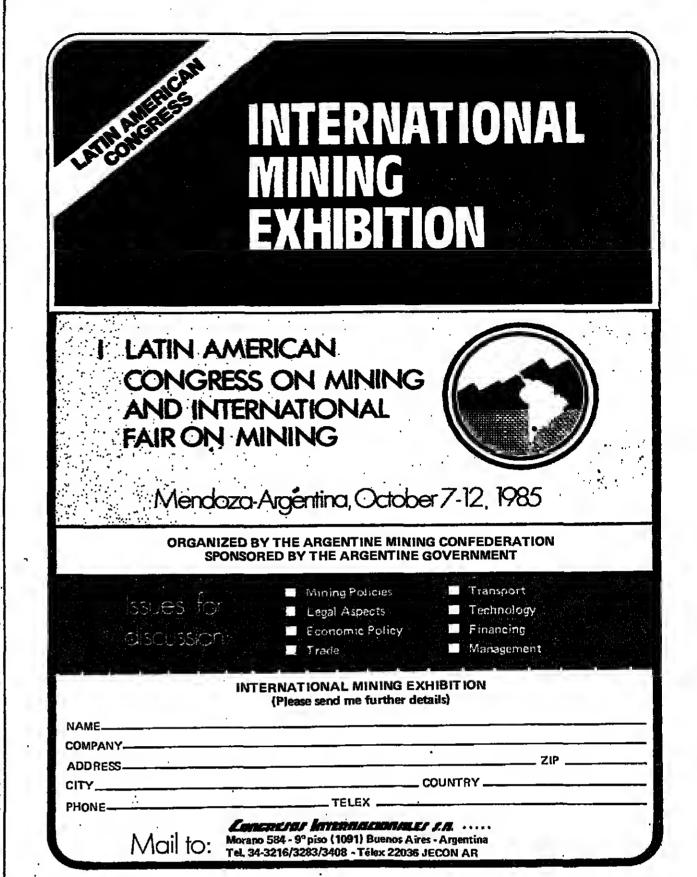
☐ THE ATTACK by British Telecom (BT), on the market for large private exchanges (PABXs), has been hampered by production limi-tations at GEC Telecommunica-

BT has sold all the large expay. This move, however, proved inchanges it had ordered from GEC in. the year until March 1985 and is expected to have to wait for further

> □ CABLE TELEVISION programme providers are pressing the government to allow more methods of distributing progammes to try to increase the size of their market.

They want the Government to permit distribution of their programmes via satellite to small cable networks in blocks of flats council estates, hotels or even military bases. One suggestion is that satel lites could be used to deliver pic-tures of race meetings to individual

□ TRADE UNION fears that the Government will attempt to depress wage levels in order to create jobs have been raised in a letter sent by Mr Norman Willis, general secre-tary of the Trades Union Congress





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UK NEWS

Warning to rail unions of 'inevitable' cuts

BY HAZEL DUFFY

BRITISH RAIL's 200,000 employees are given a stark warning today of the implications of the miners' strike on the future of the railway

Mr Bob Reid, BR chairman, writing in Rail News, the industry newspaper, said that "harsh and

the next few years." Since the recently published corporate plan was written, BR has at-

This reflects BR's acceptance that it will lose some of its coal busiions will not take place as quickly

as had been expected.

Mr Reid said: It will take years
of sustained effort and high reliabilvigorous steps will have to be taken ity to persuade these major customto cut resources" in the light of the inevitability that there will be "substantially reduced levels of traffic in and British Steel Corporation) to return to us after their experiences in

Since April, BR has been carrytempted to quantify the longer-term ing only about 10 per cent of its nor-effects of the pit strike on the fight mal coal business, which usually ac-business. If the strike continues counts for half of its freight reveeffects of the pit strike on the business. If the strike continues counts for half of its treight to nues. Last year, gross income freight in totalled £529m, equal to half of total passenger innearly half of total pass

that it will lose some of its coal business to competitors, and that the rebuilding of coal stocks at power stations will not take also above stations will not take a usage of the track.

Most coal is carried on passenger

tracks at some stage of its journey. Any loss of this freight business would mean that the pas in track allocation costs.

Mr Reid also gave a warning that the worsening of BR's finances overall will make it "even barder" to finance the east coast main line electrification project which received Government approval in the

The message is obviously calculated to bring home to the rail

Ford establishes fleet sales division

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

competition which threatens its dominance of fleet car sales in Britain by setting up for the first time a fleet sales division for cars and trucks, headed by a director.

Mr David Hurst, 39, director of truck sales, will take over on December i as director for car and ruck fleet sales,

The change is part of a major res-tructuring of Ford's operations which will merge car and commercial vehicle responsibilities at the top of the sales and marketing orga-

It coincides with the publication of an independent survey of compa-ny car schemes which found that

CAN USE IT!

FORD has responded to the severe Ford's share of this business has company car market, which acdropped from 55 per cent to 48 per cent since 1982, whereas General Motors, the Vauxhell-Opel group, has doubled its share from 12 per

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The survey of more than 1,000 companies by Company Secretary's Review, also showed that the Vauxhall Cavalier has taken over as the best-selling company car in the U.S. with 19 per cent of the market. Ford's Cortina had 29 per cent in 1982 but its replacement, the Sierra. accounts for only 16 per cent, equal to the Ford Escort.

cent to 24 per cent.

group, since 1982 has supped from 16 per cent to 13 per cent of the ny commented yesterday.

counts for at least 40 per cent, and possibly 50 per cent of total new car registrations in the UK.

cently introduced the Montego, a model aimed particularly at win-ning company fleet business. It has also set up a network of dealers to

Ford claims that its own statistics show its share of fleet sales has remained at about 50 per cent and GM's advance has not been at Ford's expense, "It is not a question BL, the UK state-owned vehicles of attempting to recover lost-roup, since 1982 has slipped from ground. We want more," the compa-

Yarrow in line for £110m contract

By Lynton McLide

YARROW SHIPBUILDERS, the Clydeside warship yard, is set to win a contract worth more than Eliam for the construction of the prototype Type 23 frigate for the Royal Navy.

Yarrow is one of the warship yards, owned by the nationalised British Shipbuilders, which the

Lee, the parliamentary under secretary of state for defence proannounced the decision at the launching of the latest Type 233 frigate, HMS London, at the Clyde

proposes to order a total of eight Type 23 frigates. The 3,500-tonne the Royal Navy's anti-submarine warfare surface force in the 1990s Conventional and nuclear powered submarines of the Royal Navy have the anti-submarine role underwa

will undergo extensive trials for the first six months to a year after delivery to the Royal Navy. The follow-Type 23 vessels will be issued only after satisfactory completion and evaluation of these trials. This is likely to be early in 1990.

In line with Mr Michael Hesel-tine, the Defence Secretary's emphasis on greater efficiencies in the on orders will all be put out to competitive tenders, to other yards as well as to Yarrow. The main compe-titors are likely to be Vickers Ship-builders at Barrow in Furness; Swan Hunter on Tyneside and Voe per Thorneycroft (UK) at Southampton. Cammeli Laird on Mersey-side and Harland and Wolff in Bolfast are also possible contenders.

225

The Type 23 frigate was designed by the Royal Navy and the Ministry of Defence: The final design was approved by the Admiralty Board in October last year, when detailed design work was well advanced at Yarrow Shipbuilders. Yarrow was the only warship yard asked to ten-der by the MoD.

Type 23 as the Royal Navy's main outi-submarine frigate marked the end of hopes by the private sector, led by design consultants Thornycroft Giles and associations, for acceptance by the MoD of the rival.

S90 frigate design. This short and fat design failed to meet naval requirements, now met in the conven-tional, long and thin hull design of the Typ 23 vessel.

The MoD said the first batch of Type 23 frigates will be known as the Duke class." This suggests that the MoD is considering ordering further batches of the vessel in the







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UK NEWS

Engineering export orders up by 15.5%

By Lynton McLain

f arrow

EXPORT ORDERS in the combined UK engineering industries rose by 15% per cent in the second quarter this year, but the number of new orders in the domestic market fell by 7 per cent, compared with the previous three months.

New export orders for machine tools show a 26 per cent rise in the first seven months of this year, red with the correspon period last year, according to the latest figures from the Department de and Industry.

The total new orders in the indus-tries, covering mechanical, electrical and instrument, engineering, declined marginally, over the peri-

Sales in export markets mee hy 8% per cent, against 2 per cent in the UK domestic market. The electrical and instrument engineering sectors showed a 4% per cent rise in sales, but this was offset by a 1 per cent fall in sales of mechanical en-

Order books in the three engineering industries contracted by I trust and BTG. per cent as the absolute level of new orders fell below that of sales. Export orders on hand, however, ed to be recruited by AGC - Cibarose by 8 per cent, reflecting a 14% Geigy, Eli Lilly and the Danish Sugand electrical engineering indus-

Sales of metal-working machine tools rose 6 per cent in the three months to July.

Total new orders were unchanged but remained above sales in absolute terms. The total order book rose by 7 per cent over the period, with export order books up by 12 per cent.

Brewers press for sales in U.S.

UK BREWERS will be making a major promotional effort this week to stimulate the U.S. thirst for British beer.
Eight brewers will be manning

the British stand at the annual convention of the National Beer Whole salers of America, to be held in Las

Vegas.
The U.S. is already Britain's biggest oversees market for beers, taking some 150,000 bulk barrels of the

Industry puts funds into genetic plant research

BY DAVID FISHLOCK, SCIENCE EDITOR

commercial setting.

It has pledged about £15m to a Cambridge enterprise called the Agricultural Genetics Company (AGC), which aims to exploit the advanced technology of agriculture, such as the genetic engineering of

The fount of research this company intends to tap is the laboratories of the Agricultural and Food Research Council, the government-funded research effort in support of agricultural science in British universities, which cost a total of £100m this year.

It was seen by its founders with the former National Research Development Corporation - now British Technology Group (BTG) - as the "country cousin" of Celltech, the biotechnology company launched in 1980 to exploit the research of the Medical Research Council. Present shareholders in AGC are

Ultramar, the oil company; Advent, a venture capital company; Biotech-nology Investments, the Rothschild

Next month, in e private placing, three new shareholders are expectar company. At the same time its

INDUSTRY is participating in a operating capital is expected to mour's small management team new experiment in transferring grow from £2.28m to more than has identified potential business E17m - sufficient for the next five target areas for exploitation in the years, says Dr Roger Gilmour, its

Dr Gilmour, 42, a scientistturned-businessman with extensive company experience, was recruited last year to develop this new initiative in technology transfer from basic research to industry. What is emerging differs substantially from

gy companies, including Celltech.

AGC's primary mission is to exploit the science of the Agricultural and Food Research Council, and more specifically of six of its laboratories associated with the plant sciences. These hand-picked centres of excellence are the Rothamsted Experimental Station, with a budget of £6.5m; the East Malling Research Station (£3.7m); the Plant Breeding Institute (£3.1m); the

Althogether, AGC is dipping into plant science research costing around £19m a year, with every encouragement from its administration right up to Sir Ralph Riley, as chief executive of the research council, who sits on the AGC board.

target areas for exploitation in the next five years. One is the application of microbial agents to agricul-ture, for example to accelerate growth or control a pest. Already AGC has acquired a small company called New Plant Products, create to exploit some of these ideas.

One idea which public pressure may accelerate is the cocktail of microbes concocted by the Glass other entrepreneurial biotechnolo-Crops Research Institute for decomposing straw, as an alternative to straw burning.

Dr John Kingsley-Pallant, AGC's director of sales and marketing, is aiming to have a commercial product ready in time for the ban on straw-burning he says he expects by 1988.

The business target that is absorbing the largest AGC effort at present is improved plants, says Dr Peter Dean, AGCs director of re-Glasshouse Crops Research Insti-tute (£2.7m) and the John Innes In-stitute (£2.1m); together with the Unit of Nitrogen Fixation at Sussex

Peter Dean, AGC's director of re-search and development. Dr Dean is particularly excited by the pros-pect of putting resistance to an approximate the possible to the prospect of putting resistance to an insect pest into a plant by genetic

Over the next year AGC plans to fund an experiment which could show not only whether scientists have pinpointed the genes that imchief executive of the research part insect resistance, but whether those genes can be transplanted successfully by genetic engineering.

Scepticism over N-waste forecast

FINANCIAL TIMES REPORTER

well B power station inquiry inspector, has said he is sceptical over a hurdles by 1988 and be available by forecast by a government depart-ment that approval for a new radioactive waste dump is likely within

The inquiry is into the Central Electricity Board's plans for a U.S.style pressurised water reactor at a nuclear power station on the east coast of England.

The comment came as the inquiry was told of the uncertainty surrounding the future of radioactive waste dumping in the UK.

Even the applicant for a new dumping ground was more pessi-mistic about the time needed for obtaining planning permission than the Department of the Environment, the inquiry heard.

A senior official in the depart-

458,000 barrels exported last year. I ment said at the hearing last week recently learned that the capacity

SIR FRANK Layfield QC, the Size-well B power station inquiry inspec-active waste could clear planning dump at Drigg in Cumbria was beactive waste could clear planning

> However, the Nuclear Industry rex) which will be responsible for making an application, said at the hearing earlier it could not foresee such a site being ready before 1992-3, a forecast which itself was

met with some scepticism He told Mr Philip Critchley, Under Secretary at the Department of the Environment, in charge of radioactive waste disposal, that he considered the department's timetable unrealistic.

Mr Critchley sald it was a tight timetable but one which could be achieved. He accepted there was a risk of delay.

He said his department had only

ing cut by nearly half because of unforeseen geological problems. Mr Critchley said the site could

Radioactive Waste Executive (Ni- be full by the year 2000 although he admitted under cross-examination by the Town and Country Planning Association that it could be as early

Despite the need for a cut in capacity, however, the life of the Drigg site could be extended into the next century, he said. This could be achieved by either compacting the material dumped or by burying it under mounds built over trenches which were already full.

realistic programme forward to the Secretary of State about proposals not only for Sizewell B but for facilities to cater for its radioactive



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UK NEWS

Andrew Arends looks at a re-run of a Maxwell bid fight

Waddington a leaner and fitter opponent rose Corporation, another specialist printer, remains relatively profi-THERE MUST have been a collect companies have entered the martive groan in the boardroom of John ket.

Waddington, the Leeds-based board games and packaging manufacturist the U.S. quiz game Trivial Pur-

Waddington, the defence against Mr Maxwell's hid last year cost the company more than £200,000 and a m its list of products, however, great deal of the directors time. As Waddington's games division still dington board could probably "do market. without another hitter and bruising hattle" with Mr Maxwell.

attempted to put up barriers to any printing. In February it bought further advances from Mr Maxwell Vickers Business Forms, which with two acquisitions, further re- prints computer paper and other dundancies and a £5m rights issue business stationery. In June it in June. But while most observers acquired Questa, a smaller compafeel that the Waddington manage—
ment bas achieved a turnround in

UK and overseas market.

years however, this position has over the next few years, and despite slipped, according to Hamleys, the leading London toys and games shop, as new products from other ing and packaging group, and Bem-

er last week when it was an suit manufactured in England by nounced that Mr Robert Maxwell's Palitoy. Although Waddington has British Printing and Communica- responded by producing its own tions Corporation (BPCC) had made Masterquiz, to rival Trivial Pursuit another takover bid for the group.

According to figures released by game is likely to remain the market

one stockbroker put it: The Wad- enjoys a large share of the domestic

Over the past nine months Waddington has made further moves in-Since last year Waddington has to the more specialised areas of

John Waddington is known traditionally as one of the leading board game manufactures. In the second state of the leading board waddington sales. This second state of the leading board waddington sales. This second state of the leading board waddington sales. Business stationery, and "secur-

With the addition of Questa, Waddington now produces about 10 per cent of sizmos for the Post Office. The other 50 per cent is produced by Harrison and Sons, part of Lonrho, the multinational holding group. Waddington has been trying to obtain a larger share of the Post Office contract, and if it is successful, this side of the business could become very profitable for the

The future seems more uncertain for Waddington's plastic packaging division, which faces tough compe tition from larger companies such as Bowater, the paper packaging and building products group, and Metal Box, the packaging and central heating group. Market conditions are tight and most manufac-turers have been hit by the increased cost of raw materials as the pound has fallen.

Waddington, however, is trying to carve out a nicha for itself on the plastics side, particularly in oven and microwave oven-proof materi-Waddington is looking mainly over-

its new oven-proof plastic trays are at present being test-marketed in the U.S. However, it will take years for sales volume to reach a level where it will make a significant contribution to Waddington's

The future is more clouded on the paper packaging side. This division overlaps with Mr Maxwell's BPCC, particularly in the production of labels on cardboard cartons.

One of the problems Waddington faces in this area, according to one analyst, is that it is not big enough to get the economies of scale in pro-duction available to the larger companies. Conditions on the packag ing side are very tight, with compa-nies such as DRG, the paper pack-aging and engineering group, and Metal Box having a very strong

One of the beneficial effects of Mr Maxwell's bid for Waddington last year was that it forced Waddington's management under its en-ergetic managing director Mr David Perry, to make the manpower cuts and rationalisation necessary to get the company back on track. Wadals. And although the UK market dington is now thought to be in a offers some potential in this area, much stronger position than it was much stronger position than it was when Mr Maxwell launched his

BUSINESSMAN'S DIARY UK TRADE FAIRS AND

EXHIBITIONS November 5-8

5th Offshore Inspection, Repair and 6th AODC Underwater Engineering Symposium (01.549 5831).

Daily Mail International Ski Show (0634 660852) Earls Court November 11-15

International Domestic and Contract Textiles Exhibition (01-572 2121); and International Furniture Show (021-780 4141) NEC, Birmingham

Fluid Handling Exhibition and Centerence — INTERFLOW Cenference (01-680 7525)

November 20-22 International Exhibition on Com-puters and Cemmunications in Investment, Banking and Insur-ance (01-868 4466) Barbican Centre

January 2-13 London International Boat Show (6932-54511) Earls Court

OVERSEAS TRADE FAIRS

October 30-November 5
International Tourism, Hotel November 21-23
Facilities Construction Offshore Industries Exhibition INTER and Conference HOLLAND HOTEL (01-236 2399)
Belling OFFSHORE (01-437 2175)
Amsterdam Nevember 1.5 International Exhibition of Office Equipment Furniture and Stationery — OFFICE (01.683

(01-683 Bangkok Nevember 11-15 Industrial Development Exhibi-tion—SAUDI INDUSTRY (01-486 1951) Riyada

October 29-30
Business Research International:
The London international corporate finance conference 1984 (01-857 4383)

BUSINESS CONFERENCES

November 16-25 International Trade Fair (Con-sumer Goods—FINNCONSUM (01-486 1951) Helsinki

October 29-31
Trade Fair fer Clothing Textiles
—INTERSTOFF (01-734 0543)
Frankfurt

Frankfurt

October 29-31
November 18-22
Middle East Building Materials
and Construction Industry Exhibition—ARABUILD (01-496 1951)

International Construction Equip-ment Congress and Emphillon

(01-637 2400) NEC, Birmingham

Nevember 28-36 Electronic Displays Exhibition and Conference (0280 815226) Kensington Exhibition Centre

December 2-6
Reyal Smithfield Show and Agricultural Machinery Exhibition
(01-235 0315)—trade only on
Early Court

December 4-15
Energy Efficiency in Building
Exhibition (601-236 \$202)
Building Centre, Manchester

December 6-7
UK Tax Congress and Exhibition
—TAXFAIR (0403-56113)
Wembley Conference Contro

November 27-28 Underwater Tachnology Exhibi-tion and Conference—SUBSEA (0923 778311) Retterdam November 27-December 1 International Hardware Exhibition — HARDWARE (0494 775444) Kusis Lumper

December 14-38 New Year's Fair (01-486 1951) Zagreb

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October 29-31 Conference Services: Convention of the Bureau International de la Récupération (01-584 4226)
Grosvenor House Hotel, WI

Royal Garden Hotel, W8

October 36
Institute of Taxatien: Tax and financial planning opportunities
—1984-85 (01-235 8847)

Octeber 31 Institute of Directors: The insurance jungle—a way through (01-839 1233) 116 Pail Mail, SW1 October 31-November 1-2 Inteco: Small computers in Europe conference (01-637 9986) Royal Garden Hotel, W8

November 1 City Business Conferences: Swap financing (01-727 5120) Glaziers Hall, SEI

IMEDE: Developing world-class world-class management for

conomics and investment pros-

November 6
Staniland Hall Associates: Guidelines for company plans and
budgets—the UK economy in
1985 and 1986 (01-359 6054)
Centre Point, WCL
November 7

Business Briefings: ECU-The Commercial use of the European Cutrency Unit (01-381 1284) City Conference Centre, ECS Vovember 8-9

FT Conference: The second professional personal computer conference (01-521 1355)
Regal Louraster Hotel, W1 November # The Institute for Fiscal Studies meetition policy (01-828 7545)
Regent Palace Retel, W1

November 14
The Henley Centre for Fore-casting: Corporate plans—fore-casts for business (01-253 9961)
Derchester Hotel, WI
November 14
Purious Brishner: Manufactur.

November 14. Business Briefings: Manufactur-ing abroad (01-381 1284) CFS Conterence Contre. W1 Nevember 27-29
DIBC (UK): Foreign exchange dealing and money market dealing (01-788 1146)

City Conterence Centre, EC3 Nevember 27-29 British Nuclear Energy Society: Radioactive waste management (01-930 5454) Bloomsbury Crest Hotel, WCl

Barbican, EC2 in the details published.

Financial Times Conferences

THE SECOND PROFESSIONAL PERSONAL COMPUTER CONFERENCE London — 8 and 9 November, 1984

Mr Bill Gates, Chairman of the leading U.S. software house Microsoft and one of the most influential figures in the personal computer business, will give the opening address. The star-studded list of speakers includes Mr Ben Rosen of Compact Computers, Mr Susumn Aizawa of Epson Corporation, Mr Mitchell Kaper of Lotus Development Corporation, Mr Mike Murray of Apple Computer Inc. and Mr James J. Edgette of Entré Computer Centers Inc.

> VENTURE CAPITAL FINANCIAL FORM London — 3 and 4 December, 1984

This event, arranged by the Financial Times and the British Venture Capital Association, provides a unique opportunity for investment managers to meet some of the leading ventura capital backed companies in Britain. After short presentations from some 30 companies in the mornings, maximum time will be allowed in the afternoons fer private meetings between delegates and participating companies from the fellowing sectors: Biotchnelogy, Computers and Micro-Computers, Electronics, Instrumentation, Process Control and Software.

THE FINANCIAL TIMES **EUROPEAN GAS CONFERENCE** Vienna — 11 and 12 December, 1984

Following a successful gas forum in Venice in 1982, the Financial Times is pleased to anneunce its European Gasconference in Vienna on 11 and 12 December. Chaired by Mr G. Kardaun and Mr Peter Gaffney, contributors will include Mr M. K. Faid, Mrs Heiga Steeg, Dr Ballat Balkay. M Jean Traversin, Mr Peter Vrancken and Dr John Ganit. Economic and political factors, finance, supply and markets provide the agenda. Venice was acknowledged as providing useful background papers as well as expert judgment and the sponsors believe European Gas will be equally valuable.

All enquiries should be addressed to: The Financial Times Limited Conference Organisation Minster House, Arthur Street London EC4R 9AX Tel: 01-621 1355 (24-hour answering service)

Telex: 27347 FTCONF G Cables: FINCONF LONDON

THE WEEK IN THE COURTS

INSURANCE

Lords provide a notable victory | Underwriters face tax probe for freedom of expression

last week lost its forensic usele with the Government over the with the Government over the Court of Appeal's order in December to hand over immediately the immorpous "secret" document with its tell-take marking which led to the identification of Miss Sarah Tisdail, its leaker.

However, in the House of Lords last week, a notable victory for freedom of expression was achieved.

Five Law Lords swept aside

The Law Lords have said that there is no distinction to be drawn between disciscions to that there is no distinction to be drawn between disciscions to the four in the preliminary stages of an action before trial and discissure is not qualified by the nature of the judicial proceedings. What is prohibited from requiring discissure is not described by reference to the form the requirement takes, but by reference to its consequences.

All this is manna to liberal opinion. But what of the exceptions. The law before et the instance of those who exceptions. The law before seek to uncover the media's sources of information. The last week lost its forensic tusele with the Government over the

Five Law Lords swept aside the lower counts depressingly restrictive response to the journalistic claim to protect the journalistic claim to protect the newspaper's source of information. They reasented resoundingly the full impact of Parliament's declaration in section 10 of the Contempt of Court Act 1981 that, embject to four specific and limited exceptions, "no court may require a person to disclose the source of information contained in emp multi-

Transfer in

The Maring of St.

11 mars 22 mg

Lord France of Tailybelton as to the reasons why dis-proclaimed that it was not for closure is necessary in the the courts to relax the standard interests either of national fixed by Parkinment, particu-security or one of the other Lord Fraser of Tullybelton fixed by Parliament, particu-larly where there was a flavour three grounds. It was the of constitutional right of free-dearth of specific information

were quick to epurn the to the division of opinion among Guardian's claim to a constitutional, right to protect its
sources of information, but
neither they nor their judicial
brethren diminished by one jot
Parliament's affirmation of the necessary in the interests of one public interest in the full and free flow of information, unhampered by any reticence which might be induced in sup-pliers of information by a risk of their being unmasked at the hands of the counts.

The primary and unanimous assertion by the House of Lords that rights of property must yield pride of place to such public interest, even where there is some value in protection afforded to the protection affor the property—in this case the intrinsic value of the document was zero-is of the greatest

owner claiming to recover his own property.

That approach was amply justified in the High Court and, except for the notable dissenting voice of Lord Justice Griffiths, in the Court of Appeal.

The idea has now been firmly scotched and that is not the only significant reversal of the lower courts, crabbed approach lishing (indeed destroying). lower courts' crabbed approach lishing (indeed destroying) a to the media'e claim to freedom second leaked document which of expression.

The Law Lords have said that there is no distinction to

in the course of litigation.

More important is the court's approach to any claim to disclosure under one of the four exceptions. The law before 1981 gave a judge a discretion whether to demand an answer from a journalist refusing in the witness-box to reveal e source of information. Under the 1981 Act there is no discretion in the court. The judge must decide in a particular case as a question of fact whether the claim to disclosure is made out and the onus is on the party out and the onus is on the party closure to make a case.

Those who so claim must adduce evidence for the court's metion contained in any publi-cation for which he is adduce evidence for the court's satisfaction and their evidence must be as specific as possible dom of expression.

Lords Diplock and Roskill Gnardian case alone which led

> necessary in the interests of one or more of the four accepted grounds—not "necessary or convenient," or "necessary or expedient," both of which are common phrases used in legislation. Nor would it be enough if the claim was that the interests of national security were justifiable, Necessity is a compelling word which indicates the importance attached by Parliament to the

Other features of Parliament's intrusion into a branch significance.

Clearly the Government's developed by the judges, unline court started their counsel in court started their case against The Guardian with the notion that the 1981 legislation, whatever else it established, could not possibly defeat an owner claiming to recover his own property.

That approach, was amply alone.

touched directly on the Govern-

BY JOHN MOORE, CITY CORRESPONDENT

the premiums they have paid for the arrangements with their the premiums they have paid for the arrangements with their they are justifiable.

The agents argue that Lloyd's expense additors.

But since April the Inland exposure to catastrophe claims, such es asbestosis which take exposure to catastrophe claims, such es asbestosis which take years to pay out fully, means that adequate reserves and protections are essential.

They point out that until May are justifiable.

They point out that until May this year, Lloyd's had settled

and questioning whether they are justifiable.

Since April this year, about reinsurance they secured to pro25 staff from the Revenue's text themselves against heavy special investigations section losses, have been trying to analyse the What the Revenue wants to underwriters' commercial transmover in the attendant actions to see whether the reinsurance—and the attendant actions to see whether the reinsurance pro-

It was not directed to the detection and prosecution of Miss Tisdall undertaken "pour encourager les autres"— "les autres" heing other potenwriters and reinsurance. The balances between reinsurance claims collected and the amounts paid across by underwriters could be returned to the syndi-cate at some future date.

The Inland Revenue is trying to assess the true underlying risk of the business insured in this way and the
smount of premiums paid across
in the form of reinsurance—
which, of course, reduced the
syndicates total disclosable taxable profits.

Indentifile It wants a more
business and risks egainst
which Lloyd's has set aside
reserves.
Underwriters at Lloyd's are
both anxious and angry et the
Revenue's attitude. Some are
prepared to challenge the
Revenue's attitude or rulings on
rolloyer funds in the courts. The Inland Revenue is try-

December in the afternoon of the morning on which Mr Justice Scott gave his judgment against The Guardian.

The next morning the Court of Appeal dismissed the appeal and ordered the document to be banded over at once, in spite of a request for a stay pending an appeal to the House of Lords, for which the Court of Appeal

Under scrutiny are reinsurlong-term potential liabilities of the other, the Revenue is ance arrangements by underwriters at Lloyd's and whether the premiums they have paid for the arrangements with their of the market is established.

The arrangements with their of the market is established.

underwriters' commercial transactions to see whether the
arrangements have a commercial purpose or are designed to
mitigate tax liabilities.

The inquiry was prompted by
the disclosure,s in the course
of the Lloyd's troubles of recent
years, thet underwriters had
created offshore "rollover
funds" with the specific purpose
of reducing tax liebilities.

The inquiry was prompted by
the disclosure, in the course
of the Lloyd's troubles of recent
years, thet underwriters had
created offshore "rollover
funds" with the specific purpose
of reducing tax liebilities. be an antonym of the administration of justice in the course of legal proceedings in a court of law proceedings in a court of law mitigate tax liabilities.

The inquiry was prompted by the disclosures in the course of the Lloyd's troubles of recent impact of "the interests of pathonal security" will receive note Lords propounce at the end of next month on the GCHQ appeal.

The third and fourth exceptions the The third and fourth exceptions of the thorn of "rollover reinsurance company, has take a view on the amount of reserves it will need to meet accompany and the form of "rollover reinsurance company, has the manual of the form of "rollover reinsurance company, has the another of the form of "rollover reinsurance company, has the another of the form of "rollover reinsurance company, has the another of the form of "rollover reinsurance calims. These of strong are charged out as in the first reinsured could not exceed the mount of premiums paid to a company prepared to carry the first reinsurance calims. The "rolled up" amount of Lloyd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves stands at £2.7m, after "rolled up" amount of £10yd's reserves and at £10yd's reserves and at £10yd's reserves the f

an increase of £600m in the last underwriting account.

The Revenue is seeking a more detailed account from the Lloyd's market ebout the current level of reserves, because the amounts set aside are tax deductible. It wants a more

THE INLAND Revenue is have sold members of Lloyd's On one hand, they say, they engaged in its most detailed whose affairs they look after have to demonstrate to world investigation yet into the accounts of insurance underwriting syndicates within the Lloyd's insurance market.

Index accounts of insurance market.

Index accounts of insurance market and the Department of Trade and Industry accounts the insurance accounts the insurance and industry accounts of insurance market is soundly redeating with insurance and industry accounts of insurance in account to be partment of Trade and Industry accounts of insurance and industry accounts of insurance in accounts of insurance in accounts of insurance and industry accounts of insurance in accounts of insurance and industry accounts of insurance in account in

this year, Lloyd's had settled ebout 6,500 insurance claims on asbestosis liabilities et an aver-age cost of \$89,000 (£72,950). The final cost to insurers will not be known for years.

Lloyd's recently announced accounting reforms should help in its relationship with the Inland Revenue. The amounts of reserves set aside in a re-insurance to close item will have to be judged reasonable by syndicate auditors, in accordance with "true and fair" accounting standerds. And Lloyd's is ettempting to estab-lish a satisfactory basis for reinsurance accounting arrange-ments with the Revenue. This will lead to more standardisa-tion and should eliminate meny of the present causes of dispute

Company journals wasting money

EMPLOYERS are accused wasting money publishing "pixle-dusted trivia" in company newspapers. Most publications did harm by showing management as a "patronising, self-glorifying lot who think employees are gulfible nincompoops," according to Chief Engineer magazine.

About £30m a year was invested in employee journals, Among Lloyd's underwriting rollover funds in the courts.

Among store actitude of the courts.

Among store actitude of the courts.

They revenue's actitude of the courts world of simple dewy-eyed living simple lives," said the cain degree of sixms. They revenue's the current approach.

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCKS LISTED BELOW ARE NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND. OFFICIAL DEALINGS IN THE STOCKS THE STOCK EXCHANGE ARE EXPECTED TO COMMENCE ON MONDAY, 29th OCTOBER, 1984.

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 26th October 1984, and bas issued to the Bank, an additional amount of £150 million of each of

9% per cent TREASURY CONVERTIBLE STOCK, 1988 11 per cent EXCHEQUER STOCK, 1991 9% per cent TREASURY LOAM. 1999 11% per cest TREASURY STOCK, 2001-2004

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 26th October 1984 as certified by the Government Broker. In each case, the amount issued on 26th October 1984 represents a further tranche of the relevant Stock, ranking in all respects pari passa with that Stock and subject to the terms and conditions of its prospectus, save es to the particulars therein which related solely to the initial sale of the Stock. Copies of the prospectuses for the Stocks listed above, dated 28th September 1983, 6th April 1979, 12th January 1973 and 18th May 1979 respectively, may be obtained at the Bank of England, New Issues, Watling Street, London ECAM 9AA.

London EC4M SAA. Application has been made to the Council of The Stock Exchange for each further tranche of stock to be admitted to the Official List.

The Stocks are repeyable at par, and interest is payable half-yearly, on the detes shown below:

Redemption. Interest date payment dates
14th June 1988 14th June
14th December
25th October 1991 25th April
15th January 1999 15th January Stock 91 per cent Treasury Convertible Stock, 1988 11 per cent Exchequer Stock, 1991 94 per cent Treasury Loan, 1989 114 per cent Treasury Stock, 2001-2004 or on or at any time after 19th 15th July 19th March 2004, 19th March or on or at any 19th September subject to not less than three months' notice

Each further tranche of stock issued on 26th October 1884 will rank for a full six months' interest on the next interest payment date applicable to the relevant Stock. Holdings of the further tranche of 9½ per cent Treasury Convertible Stock, 1988 may, at the option of bolders, he converted in whole or in part into 9½ per cent Conversion Stock, 2002 as on the remaining conversion dates, BANK OF ENGLAND

BASE LENDING RATES

ABN. Bank 104% Hill Samuel 5104% Amro Bank 104% 104% Hongkong & Shanghai 104% Hongkong & Shanghai 104% Rassociates Can. Corp. 104% Hongkong & Shanghai 104% Rassociates Can. 104% Hongkong & Shanghai 104% Magland Bank ... 104% Hongkong & Shanghai 104% Magland Bank ... 104% Magland Bank ... 104% National Girobank ... 104% National Bank ... 104% National Girobank ... 104% People's Tst & Sv. Ltd. 12% Rassociates Can. 104% People's Tst & Sv. Ltd. 12% People's Tst & Sv. Ltd. 12% Royal Trust Co. Co. 104% People's Tst & Sv. Ltd. 12% Royal Trust Co. Co. 104% People's Tst & Sv. Ltd. 12% Royal Trust Co. Co. 104% Trust C

WHO sold more business micros in Europe last year than any other manufacturer bar Apple and iBM? TRIUMPH ADLER 7A-World Leaders in Office Communication For the answers to your business computing questions ring Kate Myles at Triumph Adler on 01-250 1717.

Sell shares to public, building societies urged Financial Times Reporter

sources of information. The vagueness of the "interests of justice" has et least been cured by the Lords' interpretation that Parliament's use of the

single word was not intended to be an antonym of "injustice."

autres" being other poten-tially like-minded civil servants.

If The Guardian had won last

week by three votes to two instead of losing by that single

judicial vote, an admonishing finger might have been waved

at the Court of Appeal. That court entertained the appeal in

inself gave leave. The editor of The Guardian was bound to

comply. Expedition of court business is always wholly admirable, but in this case it might easily have turned out to

heve constituted an unacceptable rosh to judgment. In the event no editor could be so

Captious as to complain.

The phrase in section 10, " no court may require "disclosure of the sources of information is composed of plain words, easily understood. Parliament recognised as much. nised as much. The judges heve

unequivocally and emphatically

Justinian

underlined it.

THE high street offices of building societies would be a good place for the public to buy and sell shares, eccording to Micheel Montague, chairman of the National Consumer Council.

"The Government is considering at the moment what changes are needed in the legislation that covers building societies. I should like to see the public being able to buy and sell shares over building society countres," he says.

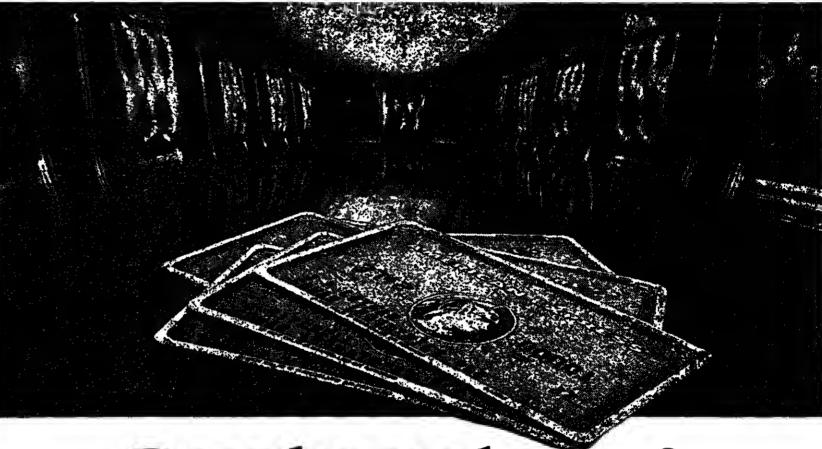
Share trading is conducted mostly by faceless people at the end of telephone, he said. But NCC research had shown that customers value the friendly building society service and many would like building societies to offer a full range of banking services."

Mr Montague added: "buying and selling shares through building society counter staff they know and like coul dbe attractive to consumers who want to buy and sell stocks and shares but have no idea bow to set ebout it."

Profitability managers' main concern?

PROFITABILITY was the dominant concern of chief executives and was more than twice as important as industrial relations, which came last out of 12 responsibilities according to a new monthly survey by the London based. PA management London-based PA management and technology consultancy services group.

NOTICE OF REDEMPTION Southern California Edison Finance Company N.V. U.S. \$75,000,000



Boardroom luxury? Or business necessity?

The American Express Corporate Card System.

A recent survey has shown that at any given moment no less than £780 million of British company money is in employees' hands in the form of cash advances for travel, subsistence and entertainment. Just to service these advances costs £94 million a year from cash flows. The American Express Corporate Card system eliminates

floats at every level of the company - releases working capital you can utilize more profitably - and also provides you with the information you need to keep a tight grip on expenses.

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Position			
Company			
Address			
	Travel		

INNOVATION IN TV DESIGN

Why the humble TV is now a coming attraction

BY ROBERT COTTRELL IN TOKYO

that may be able to design battleships, do the shopping, and invite your neighbours to

This common - or - garden variety consumer durable is This now the nexus of technological innovations analogous to those which intervened in hi-fi audio between the wind-up gramophone and the compact disc player. Television sets in the next two to five years will receive television programmes which will look better, and sound better. Some will hang on your wall, others will fit in your pocket. They will remind you of your dentist's appointment, or display and print out the pictures which you took with your filmless camera.

Few things would delight in related electronic products is Japanese electronic manufac-convincing Japanese manufacturers more than a medium-term "bulge" in television sales if consumers can be per-suaded en masse that their oldgeneration sets need to be replaced Japan's biggest-selling consumer electrical product, the video-cassette recorder (vcr), may soon be peaking in taneous black-and-white printer sales growth. The outlook is last year. It says it has now good for sales of electronic developed the technology for a components. office automation and industrial products, but analysts have been worrying that manufacturers would not that manufacturers would not nology used to make the tele-find new consumer product vision a "fun" product, and sales to substitute for any used to produce a better quality

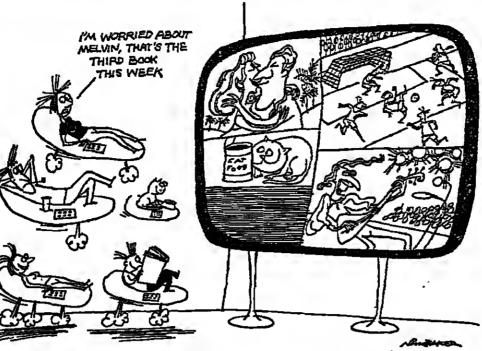
ON THE next television set you appearing on the screen. Nine buy, you may be able to watch nine channels at once, freeze a licensed digital circuitry frame of the one you like, or zoom in on a detail and print it out. The television set after that may be able to design.

Mitsubishi Electric Corporation, for example, says it plans
to market a digital colour television set next year with a
"freeze-frame" facility, made
possible by a memory chip capable of storing digital video signals. The set will have a "windowing" facility, to dis-play several different signals simultaneously. While one programme is being displayed on the screen, a second can be "inset" as a miniature display occupying one-minth of the main screen. Or the screen can display nine different programmes simultaneously in a three-bythree chequerboard pattern.

Freezing and windowing are not new technological breakthroughs, but the pace of change turers that the time is now ripe to incorporate them into standardised, mass-production tele-visions. Freezing, for instance, becomes useful rather than decorative when allied with a television printer. Mitsubishi Electric produced an instancolour version.

Sony Corporation dis-tinguishes between digital techsagging of ver demand.

The buzzword for the new generation of television sets is "digital," a method of transmitting and storing electronic information which is more information which is more precise and more flexible than "analogue" signals. A digital signal is a series of distinct pulses. An analogue signal launched in December at a fluctuates in intensity. An price of \$220,000.



a televisual image. Japanese television uses a 525-line image, slightly coarser than the British 625-line standard in British 625-line standard, in which the grain of the individual lines is readily seen. The DSC-10 generates a 1050-line "high-density" image in which the grain of the individual lines is so fine as to be indiscernible.

The digital scan converter's significantly better picture quality means that that television screens can get bigger without their pictures becoming unpleasantly coarse grained. Sony enginers expect high-den-sity televisions to feature typically 30-inch screens, against 20-inch or so screens for conventional models. Fine picture quality means more enjoyable viewing of television entertainment, but it also has the practiment, but it also has the practical importance of allowing more
data to be compressed on to a
single display when the television is used as an information
medium—for instance as the terminal for a Prestel-type interactive service, or home com-

But if Sony is pointing the way towards larger televisions, new display technologies are pointing the way towards smaller ones. Selko, better known as a watchmaker, with a 21-inch liquid crystal launched in spring this year a pocket-sized colour television

next year. Casio and Selko have a lot of headway to make against tele-vision engineers who say that led screems cannot match the sharpness and colour of the phosphorescent tube which is

tion of videocassette recorders, led by Sony's Beta format, which offer high-fidelity stereo-phonic soundtrack recording and replay. In a development of complementary importance, the United States has also this year set a standard for stereo broadcasting. The "console" television, with screen and loud-speakers bundled into a single housing, may soon seem as dated as monophonic audio. All of these technological changes are aimed at making atandardised and switched main-televisions which deal better stream broadcasting over to a with existing signal sources — true high-density format. with existing signal sources — primarily broadcast stations, secondarily videocassette re-corders and, lagging far behind, videodisc players. Each of

Y50,000 recorder, in Japan at least. European consumers are at the mercy of the Japan-EEC quona-fixing agreement which helps keep European retail prices high, but ver will pro-hably soon come under pressure phosphorescent tube which is today's dominant display technology. But lcd. they say, has exciting prospects for displays in which miniaturisation is the main criterion. How far away is the credit-card television? or the portable computer with colour lcd screen?

Improving television sound quality has not been a technical, but a marketing problem. How in persuade consumers to irrest to trace advance into the to persuade consumers to invest in high-fidelity to hear the evening news? One major incentive may lie in the latest genera- dardised for mass-production. Television broadcasting is

itself changing, with cable and satellite delivery systems gain-ing ground. The state-funded Japan Broadcasting Corporation has developed a technique, called MUSE, for broadcasting called MUSE, for broadcasting true high-density television—as opposed to the "pseudo high density" produced by Sony's DSC-10. Engineers guess it will be anything up to 10 years before af least the Japanese and U.S. television industries have

By that time, in Japan at least, the television set will be "analogue" signals. A digital scan converter, to be signal is a series of distinct digital scan converter, to be pulses. An analogue signal intensity. An analogue signal, converted to digital scan converter, to be launched in December at a price of Y200,000.

The DSC-10 is one part of a linking tomp, can be easily streen (lcd) Casio, better known as a calculator videodisc players. Each of nationwide communications at will be corders and, lagging far behind, an integral part of a new videodisc players. Each of nationwide communications at linking these sources will go through an integral part of a new videodisc players. Each of nationwide communications at linking these sources will go through an integral part of a new videodisc players. Each of nationwide communications at linking town changes in the near future.

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The DSC-10 duplicates each of the levision set will be corders and, lagging far behind, an integral part of a new videodisc players. Each of these sources will go through these sources

Semiconductors

Chip makers invest in automation

SPENDING on automated equipment for fabricating silicon chips in the U.S. is expected to grow sharply as American manufacturers take steps to improve the quality and quantity of their products.

Intel, Texas Instruments and IBM are expected to spend over \$300m each this year on automated equipment for the production and processing of "wafers," the discs of silicon on which the patterns which deter-mine the characteristics of the individual chips are printed. U.S. manufacturers are expected in total to spend some \$3.3bn on this kind of equip-ment, up from \$2.3bn last year.

These figures come from a new report published by Frost and Sullivan, the New York based market research firm. The report suggests that spending on hardware and software for controlling the accuracy of wafer production

and movement of waters through semiconductor plants will grow by an average of 30 per cent a year to 1993.

U.S. worries over competition from heavily nutomated Japanese producers underly these ambitious spending plans.

Factory management com-puters and networks dominate spending patterns today, but spending on real time process monitors which track opera-tions carried out on wafers is expected to draw level by 1993. Devices for moving the wafers from one part of the factory to another—tracks, tunnels and robot systems—will take up the remaining one-third of the total

Frost and Sullivan point out that increased automation means reduced dust contamination-human workers are the chief source of particulate contamination in factory clean

spend.

It also means fewer breakages and better production management: "Work-in-progress inventory value is very high at per-haps \$42m for a 5,000 wafer a week line. This can conserva-tively be cut to \$12m with automation."

The study adds: "Adding an estimated 75-100 per cent improvement in die yield and 10-15 per cent in wafer yield through reduced breakages, payback can be very fast.

"The Automated Semiconductor Wafer Fabrication Market in the U.S.; \$1,550; more from Frost and Sullivan in the UK on 01-486 8377. **Electronics**

Notebook watches

SEIKO of Japan continues to make the running in turning the humble watch into an all purpose wrist instrument (a name first used by Hewlett Packard for its very expensive and very limited HP-1 digital watch with red light emitting diode display).

The latest Selko can operate as an electronic notebook for storing personal informa-tion such as telephone num-bers, flight and train times. Up to 1,000 characters can be stored; input is through a separate keyboard in a simi-lar manner to Selko's Data 2000 watch isunched carlier this year.

The watch can, in another node, display daily schedules up to 15 appointments for a single day or 42 over a 31 day period.

Each night at midnight, the watch automatically erases the last days schedule.

The Selko "Memo Diary" will cost about \$195 when it is launched outside Japan early next year. It also tells the time.

Genetics

Designing molecules

GENETIC engineers are be-GENETIC engineers are de-coming accustomed to using computers to "design" molo-cules of their choice. One of the first computer software packages for this design task has been released by the Pacific Northwest Laboratories of the Battelle

Institute.
Called CAGE/GEM (com-

called CAGE/GEM (computer Aided Genetic Engineering/Genetic Engineering Machine), the package is a software toolkit incorporating computer-aided design and human factors engineering factors engineering techniques with a choice of relevant genetic engineering databases.

Scientists can use the kit Scientists can use the kit to simulate and analyse the dynamic relationships bet-tween genetic elements and

sequences of DNA.

Databases currently available which are suited to the system facinds GENBANK. European Molecular Biology Laboratory's DNA Sequence and Battello's Genetic Data-base. More from Battelle in the U.S. on (509) 375 2002.

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Materials

Structural

analysis

JOHNSON MATTHEY may have lost its bank, but not its belance.
The equipment arm of the Johnson Matthey group has developed a magnetic susceptibility belance for uso

developed a magnetic susceptibility helance for uso as a research tool and as a teaching sid.

Developed in conjunction with Professor D. F. Evans of Imperial College, the balance is used to determine the valency state of a staterial as an sid to structural analysis.

Magnetic susceptibility is the ratio of the intensity of magnetisation produced in a substance to the magnetising force of a field to which it is subjected, and the measure can be used to determine valency state.

The device uses moving magnete and a stationary sample tube. Readout is digital and samples of only 250 milligrams can be measured accurately.

It costs \$250 (plus VAT). Johnson Matthey says a comparable Goup halance system costs hewteen \$2,000-\$4,000.

Geology

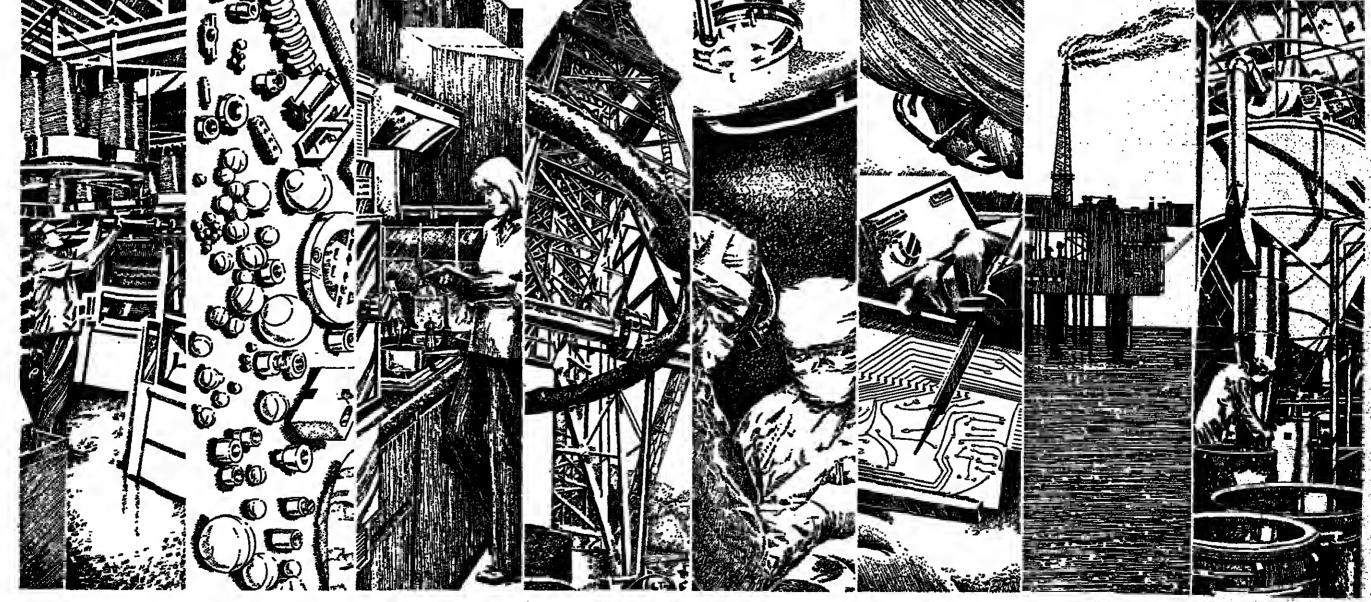
Earth mapping

DYNAMIC Graphics has lampched safeware for earth science mapping and modeling aimed principally at the exploration, petroleum engineering, reservoir development departments and initiation committees of oil and gas companies, as well as operators and well logging commanies.

companies.

According to Dynamic Graphles, the system interactive Surface Modelling—is active surface moneting—is the first carls science map-ping and volumetries product that addresses the interface between the human expert and the software program. More from Dynamic in the U.S. on (415) 845-8180 and in the U.S. on UK on 9754 790856.

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	Postcode	FE

How Satelite 'helps them earn more'

Terry Dodsworth explains how production management in the U.S. clothing industry is being enhanced with personal computers

But at last things are changing down on U.S. production lines as well. A few weeks ago, Cincinatti Milacron, the machine tools manufacturer, amounced that it was introducamounced that it was introducing a new system of programming its computer controlled
machine tools based on the IBM
PC personal computer, and in
the textile industry, a U.S.
group is aiming to change the fece of manufacturing with a device designed at Galashiels

Willcox & Gibbs, once a manufecturer of sewing machines, is planning to market a machine called Satelite, which is the brainchild of three Scottish electronics engineers who set up their own company, Elidon Electronics, three years ago. Satelite grew out of Checkmate, an earlier product that has a proven record of improving productivity in the U.S. apparel industry.

Apparel manufacturing has some peculiar characteristics which have made production in the industry difficult to automate and control. Because companies typically make a huge number of different products, manufacturing is usually labourintensive. The industry also tends to use piecework payment

thing like so adaptable to the meeds of shopfloor management.

But at last things are changfactory as a whole. Second, the payment for piecework involves a laborious process of collecting marked up work slips. Third, it is extremely difficult to spot potential bottlenecks before they occur, so that stocks tend to build up to a much higher level than should be strictly necessary.

> Checkmate set out to attack only the first of these problems. It is a deceptively simple elec-tronic device in which indivi-dual workers key in their own output every time he or she finishes a batch of materials. A small screen then displays the operator's target production alongside his or her actual output and the percentage of

> the target achieved. Although checkmate looks like an extremely obvious motivational device, Willcox & Globs claims that it has been highly effective. Far from objecting to something which effectively makes them work harder, operators appreciate an aid which "helps them earn

> Willcox, claims that productivity improvements, measured in output per unit of time, has gone up in different companies using Checkmate by between 10

THE DESCTOP electronics systems because the method of boom that has made the average Wall Street office look something like the cockpit of Concorde has not proved any-thing like the additional points in such a system. First, thing like a addition to the system of the system of the system of the system of the system. First, the system of the system of

measurement and motivational idea one step forward. The new machine does all the things that Checkmate is capable of, bot it can also be linked to an off-theshelf personal computer. As a result, the entire factory floor can be tied up to a central processing unit giving management much more control over the pro-

much more control over the production process.

According to Ziegler, the U.S. apparel industry has been seriously trying to tackle its control problems in piecework plants by using electronic data processing systems for the last four to five years. Yet even today, many factories use the traditional methods of ticketing bundles—which can amount to 250,000 items et any one time in a big plant—to keep a track

in a big plant—to keep a track of work in progress.

At the end of the day, the tickets are collected, marked off by the individual operators.

The information collected in this arm is then collected in this way is then collated so that managers can plan the

that managers can plan the next day's operations and draw up individual payrolls.

The new Elldon machine will, however, be capable of providing all this information electronically. The operators will continue to count completed bundles, but they will ready installed other, highly sophisticated data processing

do it electronically, thus generating information which can be fed into the computer. At the same time, this infor-mation can be linked to similar thus systems, which have proved effective. But these take some time to develop, and generally deliver information only after the event because the figures are processed overnight on a big mainframe computer. They fects coming in from elsewhere in the plant to give management a real-time view of the production process. The ides is to give managers the ability to intervene and sort out probalso tend to be expensive.

The attraction of the Eildon process is that it is simple to install, easy to operate and brings control right down to the factory floor in real time. It is also relatively cheap—
it is aiming at overseas markets
Willcox is currently using the
Zenith personal computer,
which costs around \$3,000 as

the centrepiece of its system. says Zlegler. "A personner of the same amount elsewhere," says and the same efficiencies for around a series of information end if you wanted to go further, you could go to a higher system without buying a dedicated mainframe that U.S.

The to compute a real-time system is saving machines, or around a satisfied with the results, but cannot justify spending the same amount elsewhere," says zlegler. "We shall give it the same efficiencies for around a same efficiencies for around same efficiencies for around same efficiencies." \$660 a work station."

—giving it a potential market of between \$20m and \$30m on lts present prices. In addition it is aiming at overseas markets, sive industries, such as electro-

robust the system will prove in operation. Willcox has won

its first contract and should have its first unit up and run-

If that proves a success, Willcox believes that there are at least 200 and as many as 300

plants using around 150 sewing machines in the U.S. alone

ning by the end of the year.

If the product lives up to its promise, it would clearly provide a substantial boost to Willcox, which only eight years ago was operating under the U.S.'s Chapter 11 bankruptcy proceedings. It would also help the these Section founders. the three Scottish founders. They sold out for an undis-closed sum under an agreement which will yield more payments if the Eildon products generate profits of a specific level. The unknown factor is how

covering financial evaluation, launch, and results, evaluation costs.

Annual reports as aids to company, how the munication. D. Heggie in organisation first desired hits the management of a munication. D. Heggie in organisation first disintegrates and then collapses, and howeventually—the organisation can recover from crisis; consciously not be dull and boring that a new chief execution. tends that a new chief execu-tive is necessary to ensure

> These abstracts are coudens These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HAS 8DJ.

Managing design

A demanding curriculum

Christopher Lorenz on a new polytechnic course

TECHNOLOGICAL innovation

tumer demand."

This was how the Prime Minister, Mrs Margaret Thatcher, earlier this month launched "Managing Design," an initiative to make product design a "core" subject in postgraduate educacion at polytechnics and colleges. Its aim is to create a new generation of managers who, unlike most of their predecessors, recognise what has been dubbed "the primary of the product" to their company's commercial success.

The project is the latest in a

The project is the latest in a The project is the intest of three-year stream of government-backed moves to promote the use of design in industry; though most of them have emanated from the Department of Trade and Industry, they have had unusually strong per sonal support from the Prime Minister herself.

The initiative is being jointly The initiative is being jointly financed by the Government and the Council for National Academic Awards, the body which supervises courses at polytechnics and colleges. It will get under way next sutumn with pilot courses at Kingston, Leeds and Leicester polys; so most is the interest in the sitterest in the si great is the interest in the edu-cational world that they are likely to be followed by many of the 50 other polys and colleges which offer CNAA postgraduate management programmes.

But what will be taught, and how will it be fitted into an already crowded curriculum? How, in other words, will this educational revolution be achieved?

finance and accounting market ternational competitiveness is ing or operations management. everywhere evident."

That means, of course, that "Managing Design. Single ing or operations management.

That means, of course, that "Managing Design Senge something will have to give; copies free from CNAA, 344-354 other core subjects will have Grays Inn. Road, London WCIX 88P.

At the London Business TECHNOLOGICAL immovement of could be exploited "much more effectively" in Britain if senior teaching of design to students industrial managers made better use of design. "We have in this "elective" (optional) nature of business administration, the country many talented design courses has left the choice of what to drop to the students themselves. But in the case of polytechnics and colleges it is the educators who make the make this difficult themselves. But in the case of polytechnics and colleges it is the educators who make the design over the coming decision over the coming months.

The outline carriculum al The outline carriculum al-ready drawn up by the CNAA is certainly demanding. Described in detail in a report* published to coincide with the launch of the initiative, it covers nine different topics: design in an economic and business context; the nature of design work; de-sign and product sizzlegies; design policy making; research-ing design and product require-ments; managing design ments; managing design projects; elements of design work; evaluating design results and legal and quari-legal aspects of design.

Though some elements of this programme are already taught on certain causes—notably marketing and operations management—most of them are not. The CNAA report says that the "transfer" of such topics to the design corriculum, and their subsequent enhancement, would allow new material to be intro-duced into the existing courses; alternatively, the existing ex-pertise could be used more fully and effectively.

The report calls for a substan-The report calls for a substantial degree of interdisciplinary teaching, with polys and colleges drawing on their current pool of design teachers to provide practical input to the courses. It also suggests that business students and design students should work together on certain projects. on certain projects.

The declared aim of the CNAA is that at least 5 per cent of course time should be particularly West Germany, devoted to design; ideally, it lay, France, the Netherlands, argues, the ratio should be 10 per cent, giving design the same cludes that "a definite concern should" core subjects such as about the role of design in infinance and accounting market.



Management

abstracts

Can your new product pass this test? B. Donah in Business Marketing (U.S.), July 1984. Describes a new product screening questionnaire, aimed at asessing a product's competitive advantage, compatibility Describes the features of the with prspective customers' corsite and final building. porate values/current tech-nology, and potential risk; claims it provides an objective dimension to a new product lanch decision.

User involvement in building ing of salaried vacancles) and design. M. Meade in The warns that it carries risks—Architects' Journal (UK), delays in alling cacancles,

Describes the background to the design of the new headquarters building for a French Co-operative bank—the Banque Populaire at Cahors—which involves the architects in consultation and participation with a series of study groups—staff, customers, local dignitaries, shareholders, and management

Posting salaried openings, J. W. Miller in Busines Horizons Examines the practice of job posting (the internal advertis-

reducing the scope of manage-ment discretion, dissatisfection among unsuccessful candidates; discusses some more acceptable alternatives to job posting, e.g. simultaneous internal and external advertising.

external advertising.

Doing business in France—successfully. J. Speirs in The Accountants Magazine (Scoting is an important part of total energy consumption in many buildings. little

Controls for saving light. The Architects' Journal (UK), 1 August 1984.

lems as they occur, thus break-ing down bottlenecks and re-

"With the software we have designed, departmental man-agers or supervisors can tell

what the status of production is in every part of the plant," says Zlegler. "A personal com-puter will be powerful enough

ducing inventory levels.

land), July 1984.

Summarises the market, staff, non-domestic buildings, little financial, edministrative, and aid considerations when intending paid to ways of cutting out

Argues that annual reports should not be dull and boring presentations of company finances which "hide" unpleasant truths and highlights good points; instead they should be stylish and powerful in order to give authority and to stand

considerations when intending to set up operations in France.

Product launch. B. Donah in Business Marketing (U.S.), June 1984.

Outlines a critical path analysis method for planning a new product launch programme, Councils introduced monitoring to give authority and to stand out from others.

The impact of crisis on managerial behaviour. S. St. P. Slatter in Business Horizons (U.S.), May/June 1984.

Describes how crisis (whose

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*Market Facts, Inc	: 1984 Thousand Circ	enlation

For further information, please contact Peter M. Schoff, Director International Advertising, Forbes Magazine, 50 Pall Mail, Londo SW1Y 5/Q, England, Tel: (01) 930-0161/2.
244 11 200's enflation' ser, (and secondary) and

with Fortune and Business Week, Forbes was judged to be overall favorite by 44%, versus 29% for Business Week and 19% for Fortune.

When regular readers were asked which of the three reflects best the excitement of business, Forbes had twice the scores of the other two. And when asked which of the three stands for "free enterprise," 71% named Forbes, compared with 13% for Fortune and 7% for Business

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THE ARTS

Architecture/Colin Amery

Closely observed rooms

It was Sir Henry Wotton writing in his Elements of Architecture in 1624 who described a man's house as "the theatre of his hospitality, the seat of his self-fruition and the comfortablest part of his own life." He went on to say that with these attributes a house deserved to be "decently and delightfully adorned."

CHRIS-CPHOP)

nanding iculum

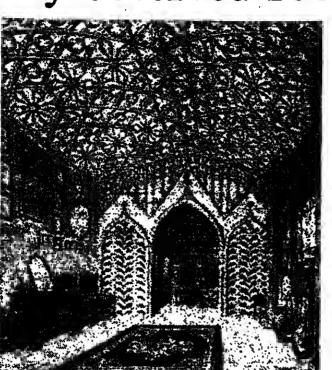
Not for nothing does Mr Peter Thornton make these words the motto for his new book, Authentic Decor — the Domestic Interior 1620-1920 (Published by Weidenfeld and Nicholson price £50) because this magnificent volue is brilliant compliation of views of the insides of peoples' houses over the last three centuries.

Let it be said immediately that this book has e terrible effect on your life. It delays appointments, allows meals to burn or turn to cold grease because it is so hard to put

Mr Thornton has produced a volume of just over 400 pages to illustrate the history of interior decoration using only picthree which were made when the rooms were new. All the important views are reproduced in colour accompanied by learned but approachable cap-

What is extraordinary at this time is the enormous revival of interest in interior decoration at both e serious and popular level. The recent series of lec-tures at the Victoria and Albert

and the advent of a television veying changa and fashion and often looking with X-ray eyes at the bones that lie behind the better the serious mentor of decoration. He has to be eware series is not far off. to be the serious mentor of decoration. He has to be eware this movement, and although of architecture and indeed his some heve disputed his account of the restoration of the interior decorator is salu-Ham House and Apsley House, tary for architects to consider.



Horace Walpole's purple and white bedroom at Strawberry

few can equal his knowledge of the source material. He was until recently keeper of furni-ture and woodwork et the Vicyears under consideration numerous opportunities for Museum that continues on torle and Albert Museum and now ha is the curator of the second crowds anxious to learn about interior design in the 20th century. The magazine The World of Interiors manages to amuse the voyeur in all of us and the advent of a televicion friction between the "uphol-sterer" (leter to be trans-formed into the decorator) and the architect. The implication, which is still current, has always been that the architect is someone concerned with fundamental matters of design. The

decorator on the other hand is interested in fashion, novelty and change. It is in the decorator's interest to promote new ideas. Change is good for husiness business, Archilects, bowever, do not ime-perfect company in any have the monopoly of design room.

ldeas as the quality of the decorator's imagination dis-played in these pages reveals.

It is important to stress the range of this book. It is divided into six sections, each covaring 50 years and deals with most of Europe and tha U.S. There are many illustra-tions that have never been published before, including several from Eastern Europe, particularly the fascinating views from the Jaglellonian University collections in Poland. 1 was diseppointed at the small number of items from Russia — tha material is there for another

It is as much social history as It is as much social history as history of taste that we are seeing through these pages and every detail explored of room arrangement, food, sanitation, ceremony, national and social customs. The drawing rooms of Scandinavia of the 1920s show the whole range of indoor cettirity—often all taking ectivity — often all taking place at once in one family room. For English readers it is the completely amateur re-cordings of the brush of Mary Ellen Best that are so absorb

ing. Two things stand out from this glorious survey. One is that intimacy in the interior is one of the qualities that we most desire and admire. Second, preension does not last—the most understeted end personal rooms are the most interesting. The compilation of details that make up every room is whet gives us the keys to our forefathers' home lives. Politics are kept outside and the wise decision to exclude all public interfors ensures that this is an intimate history—almost like visiting friends.

This as e book that makes an original contribution to social history, it opens doors and invites exploration at every level Above all it is inexhaust-

Don Giovanni/Cardiff

Andrew Clements

The first new production of Welsh National Opera'e 1984-85 season is Don Giovanni, which opened on Saturday in the New Theatre, Cardiff. It brought a sharply polarised response from the audience: general enthusiasm for the east and the conductor, Sir Charles Macker-ras; antagonism and some ugly booing for the East German production team, headed by Ruth Berghaus. Neither reaction seemed to me entirely instified.

Weish Netional should first he applauded for providing an opportunity at last to see something of Miss Berghaus's work in Britain. Of all our native opera companies it is the ope that in recent years has consistently had the enterprise and lack of insularity to engage some of the more important and radical directors from Europe, and there is no doubting in this case Miss Berghaus's pedigree—former director of the Berliner Ensemble (in immediate succession to Brecht) and Welsh Netional should first ete succession to Brecht) and widow of the composer Paul Dessau, she was at the centre of one of the most influential movements in theatre since 1945.

Gioranni expecting a production conceived entirely in doctrinal socialist terms, or even a presentation owing allegiance to the concepts of the epic theatre, is likely to be disappointed. I defy even the most rahid anti-Marxist to condemn this staging on purely political grounds; while it contains much that is ercane and baffling, its overt political content seems minimal: Leporello comes in for some rough treatment et the hands of his master and his master's social equals but otherwise it is the world of symbols the opera explores that

is far more mysterious.

Some of these are straightforward: in the first act tha cracked earth of Marie-Luise Strandt's set sprouts a forest of swords, and one does not need to be a disciple of Freud to recognise the sexual significance of those, nor of the constant business of dressing and undressing and of exchanging

But the obsession with colour red - Giovanni et one point puts on a red sock (just one) and forces Zerlina to wear a single high-heeled red shoe

more perplexing, as is the metallic suit for the eutomotoulike Ottavio, and the snowstorm

aria. Elsewhere the edded glosses are more whimsical: the chorus dressed with feiry lights for the finale of the first act, and the finale of the first act, and the punishing of Leporello in the second in a way that too ohviously recalls the martyrdom of St Sebastian. Both add interest to the proceedings hut do not eppear to offer particular insights.

In its reworking of the comic elements in the opera this production appears to set our

production appears to set out to upset our preconceptions—
the moments of conventional
comedy are underplayed while
some of the more serious passages are undermined by extraneous business. Yet the production does not stray so fer in reworking characterisation and it is the unconscious things the principels do, their dream-

mysterious ritual to the pro-

Anyone who goes to this for much of the first act - is though to break all records in getting through the opera, and while tempi throughout remained on the brisk side there was some curious dalliance for the lady's arias towards the end the lady's arias towards the end of the opera when both production and performance seemed to lose some of its focus. Otherwise the orchestral playing was robust, though a force piano to accompany the recitetives wes a failure unit and indepictive of e failure, ugly and indecisive of

Brief notes only on the principals — an energetic, vocally dominating Giovanni from William Shimell, a scurring, rough Leporello from Nicholas Folweli, powerful Commendetore (John Tranter), inert—perhaps deliberately so —Ottavio from Laurence Dale.

The trio of ladies was more problematical. Anne Evans began well as Anna, only to lose some security in the second act. Elaine Woods (Elvira) gained in vocal strength as the evening

like actions, that lend an air of progressed while Beverley Mills mysterious ritual to the pro-All aspects of this production With so much happening on though, will deserve the closest stage the musical aspects were possible attention when WNO less obvious. Mackerras began es visits London in December.

A Midsummer Night's Dream/Leicester Haymarket

Michael Coveney

Critics and others occasionally spout pions remarks about integrating fringe groups and black actors into Shakespeare, or designing a set that does not resemble something by John Gunter or Bob Crowley. Well, Gunter or Bob Crowley. Well, here we are. This is a thoroughly delightful Dream, with costumes and cast as fresh as paint, a design resembling a Richard Hamilton pop art exploding firework display, and the inventively hilarious People Show incorporated with minimal strain as both band and mechanicals. Nancy Meckler's production is bubbling, inspired different.

You recall that Oberon and Titania are squabbling over an Indian boy, Titania's fairy band, local youngesters in white tunics and trousers, so many little Pandit Nehrus, whose leeder, the exotic and dignified Sonad

ton'e Oberon is a slick operator, beautifully spoken, and a unc contrast to his more subservient, antiqually newly-wed Theseus. (The Thesus/Oberon, Hippolyta/Titania doubling is the norm these days.)
The show starts with Mark

Long announcing be would like to introduce the band. At which, they all stand np and shake hands with each other. Mr Long is also Peter Quince, and he continues his wonderful and he continues his wonderful People Show double act with Emil Wolk in the guise of a hustking spiv, Wolk the ambi-tious Bottom landed with a acript the size of Don Glovanni's

list of lovers in the Losey film. Saxophonist George Khan is fruitily articulated Snug the Lion, studiously contemplating his part—a single sheet in-scribed with "ROAR", Andrew Dickson the musical director Faress, for once makes the and Snout, Chahine Yavroyan a innuriant bower of leopardevil imprecations of Oberon's whisky-bibbing planist and neskins, sexual revenge seem genuinely assertive starveling. The point Andrew Dickson's musical unreasonable. Doe Warrings is that the chaotic limbo besettings are not quite in the

is a natural babitat for the People Show. There are some brilliantly funny improvisations. In the rehearsal scenes: "Thisne, Thisne," "Which knee?", "This knee", "Here are your parts...and con them" (sweeping gesture to the andience) "by tomorrow night." Theseus's palace is a primary-

coloured wine ber, the lovers and royals dressed in the slinky second-hand black and white post-Punk everyone seems to wear powadays. John Byrne's really outstanding design serves equally well for the forest, which the clever lighting by Chris Ellis and Richard Moffatt reveals to be a slinky glade of protruding and thrusting tubular poles with a inxuriant bower of leopard-

tween the real life of musical accompaniment and the pretend one of actors to Theseus's court often impede rather than emoften impede rather than embellish the action—notably in the lovers' farcical tiff scene. But the reconcillation of the warring falries is superb, the dance to rock the ground developing into a neon-lit steel band riot of ethereal body popping, and the ewakening lovers conveying wonder in a melodic round, "It seems to me

that yet we dream."

The fine Scottish actor Alex Norton plays Puck as e trendy pilot in goggles and black bomber jecket—a Portobella Roed Biggles with e broom-stick. And the spirit of a comedy in which astonishing things bappen to everyone is unforgettably embodied in Mr Wolk'a Bottom, a lithe and ecrobatic farceur whose transformation into a silly ass with ears is a remarkable study of goofy, bee-haw wonder subsiding into unimagined erotic satisfaction.

Cheltenham Festival

Alan Forrest

time for such imp

exotic meetings.

1 enjoyed the Late Night Rua-

rangeise Bullet, piano: Rachmani-nov, Liszt, Schumann (Mon). Salle Gevean (563.20.30). hamber Music of the Ralian Renaiss-

ance - Bress ensembles of the Or-chestre National de France and of

the Norvel Orchestre Philhermo-nique Giovanni Gebrieli (Tue). Ra-dio France, Grand Auditorium

(584.15.15). finsiques à l'Atrium, Nielson Quintet and wind quintet Reicha, Nielson, Ravel, Villa-Lobos, Ligeti (Tue 8.30pm). Théâtre des Champs Ely-

1 at 5.30pm and 5.30pm: Bernard Lu-but company, Gerard Marain's Big Band, Enrico Rava'e New Octette,

Helen Merrill and the Gordon Back trio, Eddie Louis's septet, Chicago Blues Legend, Michele Rosswom-an's New York-USA spectacie

(274.22.71). (274.22.71). (274.22.71). (274.22.71).

MP-Chitelet Joins in with the White Rhythm and Blues Ejectide System, Tony Williams New Quartet (Tue). Trio Escoude, Catherine and Didier Lockwood, Birelli Lagrene (Wed), Sonny Rollins Quintet 1984 (Thur). (233.44.44).

NEW YORK

New York Philharmonic (Avery Fish-

New York Philharmonic (Avery Fisher): Mynng-Whun Chung conducting, Earle Brown, Tchaikovsky, Prokoficy (Tue); Andrew Davis conducting, Glenn Dicterow, violin, Oliver Knussen, Prokoficy, Beethoven (Thur), Lincoln Center (7999595).

Carnegie Hall: Northern Sinfonia of England, Barry Tuckwell conducting and French horn, Haydn, Stravinsky, Mozart, Elgar (Mon); Stock-

sées (723.47.77). Théâtre de la Ville from Oct 27 to Nov

hotfoot can't be ell hed.

The Cheltenham Literature
Festival always seems to present some of life's little ironies.
A couple of years ago when Enoch Powell delivered a fairly appears as John Donne, and inscribe leave the couple of the last few days was Yorkshire actor few d Enoch Powell delivered a fairly appears as John Donne, and innocuous lecture on George ranges over the sonnets and Borrow, the Town Hall sermons and biographical hits, approaches were littered with The Finale—Death Be Not race relations protesters. This Prond—delivered with Oldham year we had Paul Foot on holding a lighted candle and orwell and 1984 with intense sunffing it on the last line—young—men selling—Socialist didn't leave a dry-eye in the Worker or jangling collecting bouse, but I thought it would boxes under the noses of be better as a late-night show, respectable Cheltonians and Lunchtme didn't seem the right shouting: "Support the miners time for such imponderables.

The following evening when Paul's uncle, Michael Foot, turned up to deliver the Cheltenham Lecture on Disraeli and the Two Nations nobody thronged the Town Hall approaches. The former Leader of Her Majestr'e Opposition arrived unsung and unbothered. Even security at the Town Hall seemed slacker than it was for his revolutionary nephew. Bul old politicians don't just

-Paul Foot does."

fade away, which Michael Foot proved with his lecture, to a packed hall. I rate it as one of the highspots of the festival. Foot turned a discussion of Disraell'e novels, Coningsby, Tancred, Sybil, etc into a rather crafty political speech attacking the Tory Party for not celebrating Disraell's centenary and leaving it to the left (himself)

to do so. Michael Foot has become quite a friend of Cheltenham in recent years. He says his piece and stocks up with Byron fore and stocks up with byton lore at Alan Hancox'e bookshop just another Poetry Olympics, off the Promenade (Hancox, shorter than usuel, more a incidentally is returning as sprint than e stayer's race, and director of next year's festival in place of the present director, tifully with his rather profane Gordon Banks).

Swindle's disclosure on an sets by John Elvery show the office of Voysey and Co and the voyseys' splendid dining-room with an illusion of Edwardian so ebly drawn, each new reaction almost begins a new etery, that should not be missed.

The Voysey Inheritance/Bristol

The Voysey family - father, mother and six children with their dependants, live hand-somely on a simple swindle The pro-As usual we were quite well served for late-night shows. handed down from generation to generation. Clients' funds are illegally re-invested by Mr
Voysey to bring in greater dividends, while the clients are
paid no more than their funds -late night means not a mimite after midnight in Cheltenbam and one can hardly claim that the Town Hall bar is an ideal paid no more than their runds would otherwise have brought them. On this principle, Mr Voysey has become wealthy, he is universally edunited and beloved for his generosity. Then the moment comes when his son becomes a partner and must night club, But Angela Holmes, e splendid Brechtean singer, returned for a session called Salte des Benglantes, which ranged through Brecht/Weill. Coward, Cole Porter and Tom Lehrer and it says a lot for Ms Holmes that she achieved an be let into the secret, and worse, when Mr Voysey dies, leaving Edward with the appalling choice of continuing the authentic cabaret atmosphere in a room intended for less swindle or surrendering to the

yon show by South African writer and actor Jack Klaff. A pity it was done from a lectern instead of in tha bar, but any man who opens his act hy giving a member of the eudience a Apart from two sub-plots that perts. enable Barker to enrich his elready fascinating dialogue with extra matter—the descent of Edward's brother Hugh (Christian Rodska) into anarchy and the long-delayed engagement of Edward to his crucin Saturday was the day of the poets. Michael Horovitz, who turns up most years with his charm and his kazoo, organised another Poetry Olympics, ment of Edward to his cousin (Holly Wilson) — the play simply follows the effect of this swindle's disclosure on an artistically assorted bunch of relations and dependents.

his father took, sees the immi nent disaster as a welcome rescue from his tedlous

The production is faultiessly played. Peter Copley is old Mr Voysey, friendly, popular and unashamed: Graham Pounney plays Edward, conscience stricken, determined to stay on his chosen path of restitution, but preserving his family's standards as far as he can. There are admirable cameos hy Bill Wallis as old George Booth,
Andrew Hilton as his military
godson Booth Voysey, Susan
Colverd as the elder sister
Honor, Mark Buffery as the
head clerk, who is in on the fame and determined to bold on to his gains. Indeed, the whole company takes the best advantage of the beautifully written

B. A. Young

Who but Harley Granville
Barker could make such a
wonderfully exciting plot out of
the failure of a solicitor's practice? Its opening scene, show.
ing two lawyers talking business in their office, is positively
melodramatic. For the inheritance that Mr Voysey leaves to
his som Edward, and which he
in turn was left by his father,
is persistent embezdement.

and at the end we only know
that the decision of a rich
client, George Booth, to withdraw his funds is likely to lead
to a smash, without seeing ft
happen. Edward, who has been
overworking for years to try to
set affairs in order, bot without
giving himself the advantages
his father took, sees the immi-

Barker rewrote the play after its original production in 1905, end director Anthony Cornish bas retained the edded refer-ence to Matisse and Picasso costumes and manners forward: apart from that, the direction is ideal. The two good truck-born sets by John Elvery show the office of Voysey and Co and the Voyseys' splendid dining-room with an illusion of Edwardian.

Chess/Barbican Hall

Walter Legge has much to waved his arms aboul) recalled attempts to disrupt their know that Miss Paige emits her answer for. In the early 1980s his contributions to Candide relationship by the American, familiar ear-splitting wall at the he trok adventage of the starry forces assembled to record Mozart operas for EMI (despite the presence of his wife Elisabeth Schwarzkopf "ma femme ct cinq poupées" it certainly wasn't) to mount a concert per-formance of the resultant perfectly rehearsed ensemble as forctaste and advertisement. The amiable trio of Tim Rice, Benny Andersson and Björn Ulvaeus—the latter two from the record-breaking group Abba -are doing tha same on an international scale for the forthcoming album of Chesa. "When it comes to merchandising we could kill," they sang in close

harmony in en unaccompanied prologue of Saturday's perform-And disembodied voices reminded us of the tapes and T-shirts available at "marketing points" around the eirport departure-lounge of the Barbl-can. It was just like Mr Living-

stone's Festival Hall. What standards to epply to this string of "selections"? The presence of the LSO and the Ambrosian Singers would suggest serious music. Dennis Quilley'e robust baritone and sense of performance (well, be

London Chamber Opera is an

composers who gave some sign of having heard of Stravinsky. The Swedish composers have heard of Gilbert and Sullivan, Rodrigo and Andrew Lloyd-Webber (in random order of immortality). They have heard of Gluck: tha Dance of the Blessed Spirits obviously prompted a flute/strings theme that conjures up the hetter sort of TV commercial, both soulful and sophisticated, for liqueurs, chocolates or the very softest

toilet paper. Mr Rice has at last found collaborators who can write more than two tunes, though the impression is as bland and wholesome — and forgettable as e smorgasbrod.

Despite the amplification, irritatingly unnecessary for chorus and orchestra but needed for the soloist and rock musicians, not many words came over. (The Swedish ertists enuncialed English more clearly than their British collectives) than their British colleagues.) Mr Rice's libretto deels ungrippingly with a Russian chess champion who defects, his love for the American player's Hungarian-bern second (boast-ing the resounding Magyar name of Florence), and the

part machiavel, part spoilt bral. Both the political echoes and references to chess strike one as superficial, synthetic and churned out to a formula in the doggedly rhyming sometimes platitudinous Rice scenario.

· It could certainly be staged these days anything can be staged: the Song of Songs, the AA Handbook, anything—and the passage where the small and noisy figure of Elaine Paige duets with the television might provide light relief more genuine than pastiche operetta Tyroleans or pattering burea-

For the record the biggest

ovation went to Murray Head's American rasping out a rock number. The most committed berformance came from Tommy Körnberg's Russian champion. Impassioned, intelligent and sincere like Mr Quilley he profited from the music's success in sardonio and melancholy Eastern European voin. He also looks at his partner when singing duets, thus displaying a psychological profundity that eludes some of his colleagues.
Those who equata volume with

expressiveness will be glad to London.

usual cost of vocal colour.

The album will resound through many a suburban front room, shaking the Tretchikoff from the Dicture rail. As popular music goes, it dewdles in the middle of the road; where doubtless it will be squashed flat by the next passing handwagon.

Latchmere loses

its Gate The Gate at the Latchmere. one of London's newer theatresabove-a-onb is to cease operations in December. The 90-seat theatre is regarded as too small for development. Lou Stein, the artistic director who expanded to the Latchmere after his success with the Gate Notting Hill, is giving up a leading role at both vennes but will remain on the board of the

Gate Theatre. Among the productions which started at the Latchmere ere Fear and Louthing in Las Vegas; Gulliver's Travels and

Down and out in Paris and

Arts Guide

ITALY

Bunne: Testro Olimpico, Pinzza Gentile da Fabriano. Kandinsky Evening: an entertainment by Wassily
Kandinsky- first performed in 1922
and based on Mussorgsky's Pictures
at an Echibition. This is the production given at the Berlin Featival last
year. (Wed and Thur). (30.33.04).
Roma: Auditorium of Via della Concilinzione (Accademia di S. Cecilia).
The violents Salvatore Accardo,
playing Brahm's concerto in D. major. Also Schumann (Mon Spm and
Tue 7.30), 65.41.044).

jor. Aug. Schmann.
Tue 7.30). (65.41.044).
Million: Teatro alla Scala (aniumn concert season). Schubert and Mendelscher.

sohn with the sopranos Locia Popp and Josella Ligi and the tenor, Peter Seiffert (Wed). (80.91.25).

LONDON

Seguvia: Barbican Hall (Mon). (6389891). English Chamber Orchestra conducted

by Sir Alexander Cubson with Julian Lloyd Webber, cello. Tchaikovaky, Rodrigo, Saint-Saens and others.

Heana Catrabas, suprano, Udo Reine-mann, baritone, Rolf Gothoni, piano: Wolf — Italieniaches Liederboch

Wild - Ramenianes Liebertoch (Mon). TMP-Chibelet (233.44.44). Chamber Music - Maurice Bourgue wind instruments ensemble: Caplet, Mendelssohn, Enesco, R. Strauss

(Mon). Radio France, Grand andi-torium (524.15.16).

Production of the Production

Music

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts ap-

Oct 26-Nov 1

pears each Friday.

holm Philharmoic Yuri Ahronovitch conducting, Frans Helmerson, cello. Lidholm, Shostakovich, Dvořak (Wed); Melos Quartett Stuttgart, Atar Arad, viola. Mozart, Bruckner (Thur). (2477459). Herkin Hall: Parnassus. Anthony

Rorf conducting. Judith Bettina, soprano. Ravel, Stravinsky, Babbitt, Rakowsky (Mon); Ince Chamber En-semble. Handel, Brahms, Koto (Tue). Abraham Goodman House. 67th Street. (3628719).

lational Symphony (Concert Hall): Leonard Slatkin conducting, Haydn, Tower, Dvoitak (Tue); Charles Dutoit conducting. Schumann, Mahler (Thur), Kennedy Center (254 3778).

Chicago Symphony (Orchestra Hall): Claudio Abbedo conducting Mus-sorgalty: Boris Godunov with Chicamphony Chorus and interna-(4358122).

VIENNA

Aladar Pege Quariet from Budapest with Martha Szaboky, piano, Aladar Pege, double bass. Vivaldi, Handel, Kodaly, Bartak and Jazz. Konzerthaus, Mozart Saal (Mon). (721211). Rudolf Buchbinder, piano. Hayda, Schubert and Beethoven. Konzerthaus, Mozart Saal (Tue). Asior Pinzzolla, Argentinian Tango. Konzerthaus, Grosser Saal (Tue). Peter Pianyavsky. Organ. Franck, Bohm, Bach and Planyavsky. St.

Stephan's Cathedral, Stephanspiziz (Wed). NETHERLANDS

Amsterdam, Concertgebouw. I Musici
(Mon). Each and Handel. Mendelssohn's Elijah (Tue) by the Excelsion
Oratorio Society and the Amsterdam Philharmonic under Meindert
Boekel. The Amadeus Quartet in
recital hall (Wed). (718345).
Botterdam, de Doelen. Rotterdam
Philharmonic under Eduardo Meta,
with Yefim Bronfman, plano. Gluck,
Rachmaninov and Tchaikovsky
(Thur). (142911).
The Hague, Congresgebouw. Nether-

(1812). [14291].
The Hague, Congresgebouw. Nether-lands Chamber Orchestra conduct-ed by Antoni Ros-Marba, with it separated. Herre-Jan Stegena, cello. Roussel, De Kruyf, Lekeu and Haydn (Mon).

TOKYO

The King's Singers in a concert of En ropean sones inc popular songs of 1920s and 1930s and romantic music from Norway, Showa Women's College, Hitomi Memorial Hall (Mon) (403 8011). ciano, Schubert's Winterreise, Sho wa Women's College, Mitomi Memo-rial Hall (Thur), (5421410).

WEST GERMANY

Frankfurt, Alte Oper: A piano recita with Dimitris Sgouros. Scarlatti, Chopin, Liszt, Brahms and Balaki-rev (Wed). rev (wed). Munich, Herkulessaal der Residenz The Alban Berg Quartet, Mozart, Bartok and Beethoven (Mon).

Rita and Pepito/St John's

Ronald Crichton

offshoot of Opera Players who take small-scale productions to young audiences and to places where live performances are scarce or non-existent. They have lost their Arts Council grant. Wednesday's double bill at St John's, sponsored by the Colegrave group, could be con-strued as an act of defiance. Douglas Craig, one of LCO's directors, appealed for funds end did so with cogency thet he must be forgiven for making the interval almost as long as either of the two short pieces

1841, the year before Don Pasquele, but not performed until after his death. Peptio is very early Offenbach from the time of his employment as musical director et the Comédie-Fran-caise: his independent career had not begun. Rita is the more carefully composed, balanced and contrasted. Pepito shows Offenbach's prodigious vitality and, already melodic and harmonic grace. There are hints in plenty of things to come.

Donizetu'a Rita and Offen. In Rita the vocal writing Pepito came off better. are shuffed out, who will do bach's Pepito are one-act French gave the soprano and tenor Charles Farncombe brought e them?

hiuff sailor who returns to confirm rumours of his wife'e
death, finds her very much
alive and soon extricates himself, leaving her to his henpecked successor. Peter Gellborn conducted the LCO's good
orchestra, making the fine
quality of Donizetti's orchestral
writing mumistakably clear. writing unmistakably clear, don't make an ideal coupling.
sometimes at the expense of the singers words.

Output

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Descriptio

Gavrilov/Barbican Hall

Dominic Gill

The young Soviet pixulst, nothing to do with insight or selves for the experience of minor andante Etude (which I Andrel Gavrilov, opened his all-expressiveness, and everything listening to his F minor Ballade: should have imagined almost to do with shallow pretentious-Chopin recital on Wednesday with a performance of the G ness and vulgar effect-making, manic speed through a gigantic of plasticine rubato, minor Ballade full to bursting. From past recitals, and from pink blancmange.

Visually, the with the worst sort of rubato some records, I know Gavrilov In a group of six Etudes from manner owed much to the TV mannerisms; he was seemingly to be a planist capable of qulle op. 10 Gavrilov was unstop- wrestler's repertoire of fake unable to play four bars conse- another level of achievement — pahle (except to take an eager gestures: even before the last cutively without at least one and hoped fervently that he massiva ritardando, e couple of coy moues, and a meaningless would switch personae very soon. He never did. Most of the (because often wrongly placed)
rbetorical pause.

They were the sort of intolerable mannerisms which bave

F minorBallade, and all of its major sounded like a casual feet, grinning and triumpbant, piece of parlour key-dusting, I didn't stay to hear him challenge of parlour key-dusting, I didn't stay to hear him challenge, and doubtless vanquish, able mannerisms which bave

Various similies suggest them-

spooning one's way, perhaps, at

In a group of six Etudes from manner owed much to the TV bow after cach and every item). chord of the C minor Etude
The four fast Etudes were all
had died away, with a shiver
speed and hiuster; the lovely E and a shake he was up on his





e America

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FINANCIAL TIMES

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Monday October 29 1984

Europe moves on defence

THE DECISION by the seven governments of the Western European Union in Rome at the to the somnolent 30-year-old organisation is a welcome step on the road to greater European defence co-operation.

The agreement to hold twice-

yearly joint meetings of foreign and defence ministers and more frequent discussions between ambassadors from the member countries in an insti-tutionalised framework un-donbtedly gives European de-fence co-operation 2 new poli-tical dimension

Important as they are, existing bodies within the Atlantic alliance such as the Eurogroup and Independent European and Independent European Programme Group, dealing with collaborative arms production, procurement and standardisation programmes, lack the political stature to persuade the world that Western Europe is seriously working towards a

common defence policy.

Something more ambitious was called for, mainly because the U.S., rightly or wrongly, was showing increasing irritation at its European allies' reluctance to assume a greater share of

Neto's defence burden. The notorious Num amendment of June this year— which called for a phased reduction by the U.S. of 30,000 troops a year over three years of the European allies did not meet their 1977 commitment of increasing their defence budgets annually by three per cent—was defeated in the U.S. Senate by one nine votes. But another amendment to freeze U.S. troop levels in Europe until America's allies had taken "significant measurues" to improve their conventional defence capacity was overwhelmingly approved by the Senate.

Reservations

These moves were a shot across Europe's bows and it is partly in response to them that the WEU ministers have come the WEU ministers have come sive defence dialogue between up with their scheme to France and West Gamany, revitalise the organisation. That opportunity should not be Britain's initial reservations lost, for the whole future of about the project have been European defence co-operation overcome mainly because the depends on an effective part-political desirability of a joint neighb between these three

fence was finally perceived in London to outweigh the disadvantages of multiplying the institutions in which defence

questions are discussed.

To a large extent, these reservations echo a certain ambivalance in the U.S. posistantivation. The Americans, while constantly urging the Europeans to make a greater defence effort, certainly do not want the WEU to turn into a rival grouping to

ont of its way to stress that the Nato alliance remains the foundation of European security. Indeed, the agenda for future ministerial meetings infuture ministerial meetings includes an item on the European contribution to strengthening the alliance "bearing in mind the importance of transatlantic relations." Thus the clear intention is to make WEU into the European pillar of the Atlantic alliance. It would be an illusion to believe, however, that such a development will not also lead, from time to time, to sharp conflicts between the U.S. and its allies.

One of the unstated reasons of the Europeans' decision to re-activate the WEU was their dissatisfaction with the tough anti-Soviet trend of U.S. foreign and defence policy over the past few years. Such views will tend to be given greater publicity when they are expressed at joint meetings of foreign and defence ministers. It is a price the U.S. will have to pay for a common European voice, which it has always supported.

The WEU has been chosen as a suitable forum for defence a suitable forum for defence co-operation because it allows France, which is not a member of Nato's integrated military structure, to participate in multilateral defence co-operation without modifying its basic defence policy.

basic defence policy. For Britain, however, the main benefit to be reaped is that it will now be able to join what has so far been an exclu-

The Atlantic air fares row

Transport, which says it wants to encourage cheap air travel, has just invalidated 100,000 cut-price air tickets bought in good faith from major British and U.S. airlines. The airlines had sold the cheap North Atlantic seats, as often before, without awaiting official confirmation of their validity. The chesp fares, which would have reduced the which would have reduced the cost of a London-New York return flight to £259, were marketed once UK and U.S. regulators agreed they were not "predatory." The £259 ticket, first requested by British Airways, would have been just £1 higher than the class? higher than the already-approved fare of Virgin Atlantic, the new small British

Two months ago, the Do'l' sought an assurance from the U.S. government that the British airlines offering the new fares—BA and British Cale-donian—would not as a result be liable to anti-trust actions in U.S. courts, Virgin Atlantic's owner, Mr Richard Branson, had said he regarded the proposed fares as predatory. The UR said he regarded the proposed fares as predatory. The UK Government feared he might follow the path of Laker Air-ways' liquidator who initiated legal proceedings in the U.S., seeking to demonstrate that the hig airliner acted in concert to cause Laker's collapse. But Mr

interference in the affairs of British and U.S. airlines which were willing to face the possi-bility of fresh anti-trust actions because they, and the industry's regulators, were confident the new fares were not predatory. A large number of fares were to be cut, not just on fram all lata moroutes directly competing with new entrants such as Virgin and People Express. Fares normally fall in the winter reflectinghtip believes ing lower demand. If BA and BCal were willing to risk prosecution, it seems unreasonable of the DoT to step in like a nanny and dash passengers' hopes of cheaper fares.

Privatisation

There were two reasons for the intervention. The Government is sensitive about BA's impending privatisation end wanted to eliminate any chance of another blot on BA's pros-pectus. The unresolved Laker is annoyed by the very exist- airlines should forever have a cil, meanwhile, has been cele- word 'red,' " he added.

AIR travellers must be mystified, Britain's Department of port pact with the U.S.—the port pact with the U.S.—the Bermuda Two agreement which it thought transcended U.S. domestic law. The pect does not refer specifically to anti-trust, simply enjoining both eides to obey the other's laws. The U.S. euthorities appear not to accept that Bermoda Two necessarily puts airlines beyond

the scope of U.S. courts.

This is a genuine disagreement which both sides must resolve. Questions about the jurisdiction of U.S. laws affect many industries and are be-devilling U.S. trading reletion-ships. But the DoTs approach in this instance looks mis-guided. The complexities of the U.S. constitution leave it unclear whether any U.S. govern-ment department can give the UK explicit assurances of anti-trust immunity. And the DoT's attempt to exert pressure on the U.S. by denying Pan Am and TWA the lower fares they want may well backfire; already the U.S. Civil Aeronautics Board is talking about retaliatory action.
The sensible course would have been for the UK to keep cool, continue negotiating but allow

continue negotiating hut allow the regulators to get on with lowering fares.

The U.S. has never liked the Bermuda Two pact and dis-approves of it and other hi-lateral air agreements which fix fares and capacity. Having deregulated its own domestic Cause Laker's collapse. But mr
Branson made no explicit
threat of legal action.
The banning of the new fares
looks a bad mistake however it
looks a bad mis Association, the cartel to which most big airlines belong, has been ansuccessfully eccking anti-trust immunity for inter-national civil aviation for years. Britain specific assurances now, it would face similar demands fram all Iata members.

The British Government rightly believes that competi-tion should be encouraged in all industries. This requires strong anti-trust laws. The long arm of the U.S. courts appears unnew e acceptable in civil aviation Kong. mainly because other nations exempt airlines from normal competition laws. The fact that Laker's British liquidator was able to seek damages in U.S. courts is less unacceptable than the fact that no such option exists in the UK. If the British Government seriously wishes to eult is already an unpleasant competition in civil aviation it source of uncertainty. More ought to feel uncomfortable important, the UK Government championing lata's demand that

UNEMPLOYMENT IN BRITAIN

Wanted: 20,000 jobs a month

By Max Wilkinson, Economics Correspondent

GOVERNMENT'S economic strategy must deliver 20,000 new johs each month—equivalent to two companies the size of Jaguar— simply to stop unemployment

This increase in jobs is needed just to absorb the youngsters on special training chemes and the extra people coming on to the lebour market.
It illustrates the problem feeing ministers as pressure mounts from all sides for them to "do something" to help the

But the Prime Minister's de-termination to hold fast to the present anti-inflationary strategy means that the Government's

options are severely limited.

The increasingly pessimistic mood within the Treasury has been reflected in the sombre tone of recent atterances by Mr Nigel Lawson, the Chancellor of the Exchequer. He said in a television interview a week ago that there was "very, very little" that governments could do to influence unemployment. He went on to draw an analogy with the helplessness of govern-ment in the face of e rising crime rate and said he "wanted to be honest with the nation' about the difficulties. This pessimism is by no means confined to the Tories.

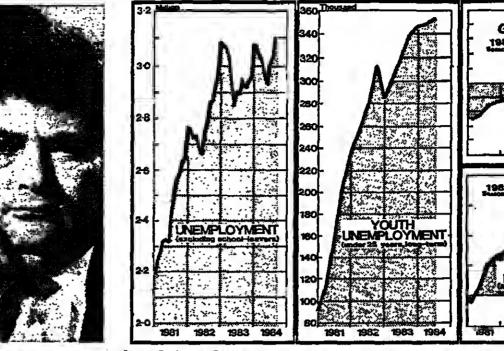
Mr Roy Hattersley, Labour's Shadow Chancellor and deputy leader, was notably cautions in an important speech recently about the speed with which the dole queues could be reduced.

The Labour prescripton relies beavily on the crucial importance of restraining wages growth and on maintaining company profitability for any jobcreation programme,

Even with an incomes policy and much more stringent im-port controls, the speed of a "Hattersley refiation" would be constrained by the need to avoid a sterling crisis and accelerating inflation.

Mr Lawson, of course, refuses

to consider import restrictions and is very pessimistic about the effectiveness of incomes



Mr Nigel Lawson, the Chancellor of the Exchequer: "Very little" Governments can do to influence memployment

THE PUZZLE THAT LIES BEHIND THE RS NG TIDE

But the Treasury and other key departments are already hard et work to find remedies for unemployment which do not upset the Government's principles. Politically the Government knows it has to demonstrate a more vigorous and caring epproach.

The agenda for civil servants and ministers divides roughly into two parts: emergency first aid and looger-term cures. In the immediate future ministers are considering ways to reduce the published unem-

ployment figures by new measures (statistical or otherwise) like those announced over the past three years. These have included the expansion of youth training and special employment schemes as well as the removal of men over the

ment register. There was also a change in the method of counting the un-employed which, although justi-fied on other grounds, also had the effect of reducing the published number.

A further hig expansion of training for young people under 18 has the double appeal of reducing youth unemployment and helping to rebuild the pool of skilled labour available to industry. An extension of schemes to subsidise the employment of young people and close examination of the labour content of public-sector invest-ments projects will also be studied.

But when all these schemes

have been taken off the shelves, dusted and perhaps given new life, the problem of providing "real" jobs will remain. Special training schemes, however postpone the day when youngsters must find permanent important agends, therefore, is

about how to increase the rate at which the economy creates jobs in the medium to longer The starting point here is the

Treasury's conviction that the main enemy of jobs is an excessively rapid rise in real wages, and that if this can be moderated unemployment will Lest year average earnings in the whole economy went up hy about 21 percentage points

more than the rate of inflation, and earnings in manufacturing industry by nearly 4 percentage points more than inflation. Almost as serious as the rise in wages is the lack of flexi-

valuable in themselves, only bility within the wages structure, particularly affecting

The programme for creating jobs must therefore look at ways of removing rigidities in the labour markets which inevitably includes the weakening of union

clear that the Government is afraid to move too rapidly in this direction because of the need to "govern by consent."

That leaves the possibility of a wage freeze, which is certainly being discussed by offi-cials although it is still some way off the political agenda. Almost all economic models have suggested that employment could be boosted if a wage freeze were accompanied by

some modest stimutation of the But the Government believes

But these new jobs have been taken entirely by wemen, many of them part-

a wage freeze would build up pressures which would sooner or later produce a flood of wage demands. Past experience sug-

demands. Past experience suggests it is right.

Another major option is to reflate the economy, Mr Lawson has said loudly and boldly that if this means increasir; the Government's borrowing targets it will never happened in 1983 in advance of the election, cannot be ruled out.

While protesting his financial rectitude, the Chancellor could easily find £2bn or perhaps even £3bn for tax cuts if he wanted. This year and next, for example, stepped up sales of state assets, including. British Telecom, could hring in about £2bn more than the Government's plans envisaged in March.

Mr Lawson is pinning most of his hopes on the stimulative effect of a cut in interest rates, as soon as sterling seems robust around to take the

as soon as sterling seems robust enough to take the He is clearly taking a more

relaxed view than a year ago about a fall in sterling, which if it were gradual enough, would help in the short run at least to stimulate exports and so help to provide jobs.

and so help to provide jobs.

Alongside the review of these main policy areas, the Government has also set in train an inter-departmental study of deregulation centred on the Department of Industry.

This will co-ordinate the programme of "micro-economic measures," which Mr. Lawson has said is needed to help make the economy more efficient and more entrepreneurial. Reform of trade unions comes under this heading, but so also does the whole panoply of government regulations which restrict the freedom of industry and the movement of labour.

But it is not clear what the

But it is not clear what the Covernment will be able to achieve in this notoriously dif-ficult area. Even if restrictions are reduced the effects on employment will be extremely

A year ago the Treasury was confident that by now it would be able to relax just a little about unemployment. Even if the rate was not fall-ing, officials said, it would at

least have stabilised, But this confidence has proved sadly misplaced. In year anemployment in Britain has continued to climb and the latest tentative indications are that the rate of tacrease may even be accelerat-

ing.
The Treasury never publishes its detailed unemployment forecasts, but last November the Government's autumn statement assumed that by this December there would be no more than 2.85m people out of work. In fact the number is alreedy more than 3.1m

and there are still three menths of statistics to come. In January the Treasury's optimism seemed well founded, After four years in

which noemployment had risen from 1.3m to over 3m the grim total at last began to dip with a cut of 5,200 But unemployment started climbing again early this year and on average, 17,000 more people a month have joined

the unemployment register. In the past three months that average has been 20,500. Moreover, overall unem-ployment figures conceal several trends which are beginning to worry many of the Government's natural

By July 1.23m people of all

ages had been out of a job for more than a year. This was: • 91,000 more than at the start of the year; • Three time the number at the start of the recovery; • 40 per cent of the total

Since the point in spring 1931, the number of young people out of a job for more than a year of a joh for more than a year has tripled. And, as the economic recovery approaches its peak the plight of young people and the unemployed generally continues to worsen. Between January and July this year the under-25s who had been on the delefor a year rose by a quarter—to reach 353,000.

These figures have jelted even some of those who sup-

even some of these who sup-

strategy. The London Business School's Centre for Economic Forecasting, for example, predicted in June that unemployment would begin a gradual decline from mid 1985. Now it believes the total will rise to 3.3m by

Although the Treasury has been badly wrong about un-employment, its predictions about the trend of output have been broadly accurate. The improving economy has also brought new jobs in its train. Some 185,000 more people were employed in the 12 months to the end of March, although the total of 20.88m jobs in March 1384 was still 475,000 less than in the summer of 1981 at the

time workers. The numb men employed in March 1984. was the same as a year is why the rise in output has not led to a more rapid in-crease in jobs. In the first

three years of the recovery, manufacturers were closing down their least efficient factories and sacking workers in response to the squeeze on demand and margins.

In this period, from the start of 1981, manufacturing productivity rose by an aver-age of 7 per cent a year, a phenomenal figure by past

British standards. But since last autumn no further im-provement has been recorded. No one is quite sure why. Less productivity growth.

might normally be associated with more jobs but the latest figures are not particularly encouraging. This is because slower productivity improve-ment has combined with rising unemployment and a rapid rise in average earnings (up 9 per cent lu manufactur-

(up 9 per cent in manufactur-ing industry last year).

This is the nub of the Government's dilemma: so long as real wages increase at recent rates there will be a potential threat of accelerat-ing inflation, or an erosion of competitiveness, or both. And there is even loss, prospect of a fall in unemployment.

150

China's

friends . . . Actively encouraged by the

Chinese anthorities, as specialised consultancy, Birchwood International of Hungerford, was set up two years ago to help and edvise on industrial development in China.

The ten partners (eight based in England and two in Hong Kong) have been commuting in and out of China ever since. Economist Roger Elson, aged 44, who runs Birch-wood, has himself made nine trips this year, and he expects to pack in more before the year's end. The pay-off for their jet

wearniness is a co-operation agreement which has just been signed between Birchwood and the Guangdong International Trust and Investment Corporation of China (the body responsible for much of the infrastructure and project de-velopment of southern China). It provides for joint work in the implementation of the southern China economic de-velopment programme.

Elson was with Bowater for 13 years as chief economist, and later as chief executive of Bowater China. He learned to understand Chinese "hut I find great difficulty in speaking the language," and, in 1981, left Bowater to set up Birchwood.

The scope of the new agreement is, he saya "substantial." Currently Birchwood is con-cerned with the renovation of silk mills in southern China at a cost of about \$11m, a \$40m development of a new port in Canton, and the provision of a \$110m medical centre in the

Through Birchwood, the Chinese authorities are working with European industrial companies and financial institutions on what Elson calls "the trusted friend principle." Birchwood's role could be the first step towards a more formal Chinese trade and industry presence in Britain.

new economic zone near Hong

. . . and relations

Men and Matters

brating lis 30th birthday, and I the Great Britain-China Centre, its 10th anniversary.

Premier Zhon Enlai, himself gave his blessing to the founda-tion of the SBTC in 1954, as Sir Peter Tennant, who had gone to see him in Geneva during the conference ou Indo-China, recalled at the celebratory lunch.

The Council has plodded through some lean years since but has now emerged into the more fertile fields of China's "Open Door" policy.

In its ten years, the GBCC-launched with the profits from The Times "Genius of China" exhibition in London in 1973has organised hundreds of ex-change visits between British and Chinese cultural groups. Members of the Chinese writers' association, typically, came last spring to soak up Shakespeare, the Brontes and Hardy (Polanski's Tess of the D'Urbervilles has been shown in China) and, in return, the writer A. S. Byatt and others are trotting off to Peking

Though pin-stripped sults predominated at the Trade Council celebrations, and cul-tural glamour et the GBCC's (even Suzy Wong was there in the shape of emigree Chinese film star Tsai Chin), the guest lists overlapped. Something Foreign Secretary Sir Geoffrey Howe forgot when

he told the same story illustrat-ing the antiquity of British and Chinese culture, at both, He redeemed himself by quoting a Chinese simile compariog husinessmen to timid fish — which he boped would turn into bold and fiery dragons. "I'm a red dragon myself," he said, referring to his Welsh origins," but do not Fish tale What little indulgence does a

rich man like Saudi oil minister Sheikh Yamani allow himself after a day of oil market talks in Oslo with Norwegian politi-cal leaders?

Fifty kilograms of Norwegian dried cod—that's what the Opec supremo took hack with him to Geneva. Yamani apparently devaloped a taste for this delicacy while fishing in Norway some years ago, and the chance to buy in bulk on this trip was too good

An order went ont to a local ish shop for \$1,000-worth of the etuff. The shop did not have that much dried cod in stock but the 50 kg it did have were promptly delivered to the Government guest house, behind the Boyel Peles. behind the Royal Palace, where Yamani was staying. It was later loaded on to his private jet — well wrapped in plastic lo conlain its pungent aroma,

Sterling move

Jeffrey Sterling is a husy man. Besides occupying the chairman's seat at Sterling Guarantee Trust and P and O, he is an adviser to the Department of Trade and Industry and, in his spare time, sits to the board of the Royal Ballet School and

of the Royal Ballet School and the Young Vic.

Even for a man of Sterling's energy, that is a formidable work-load and, not suprisingly, be has been considering ways of making it more manageable.

The most obvious solution would be to merge SGT with P and O. SGT has accumulated a 19.9 per cent holding in the shipping and construction group already and Sterling admits that he is considering a mits that he is coosidering a full merger. Apart from any-

thing else, he believes that putting the two companies to-gether would make manage-ment and commercial sense. The plan now looks as though it may be close to fruition. After well over a century in the City, P & O is moving to the West End. As from today, its head office will be 79 Pall Mall -conveniently close to SGT, just around the corner in Carl-

Life assurance

Yon've got to be ever so careful with the wording of documents sent out to small share-holders — as the Prudential has just found ont. Managers were startled by

Managers were startled by a letter from a shareholder in Glasgow expressing her sorrow that the Pru was going out of husiness. "We are living in terrible times," she commiserated. "Thank you for everything. The Prudential is a great company." Her family had felt like millionaires when they had bought the shares, she added.
The insurance market is tight,

but surely things aren't that bad, thought the staff in the Pru'e Registry Department, which handles such matters. The mystery was solved with a quick call to Glasgow. It had been caused by e single line in the Pru's half-year results. The bit too literally the report that:
"The dividend will be paid at
close of business on October
18." shareholder had interpreted a

Science parked

Our Science editor, David Fishlock, is flattered to have been singled out by the Italian car maker Alfa Romeo. stand and appreciate the un-usual qualities of our remarkable new car. . Memo to Alfa Romeo: Must

try harder. Fishlock can't drive.

Observer



TEN YEARS ago, in a desperate attempt to prevent the collapse of the Western textiles and clothing industries, Gatt (the General Agreement on Tariffs and Trade) agreed to bend its rules and allow a short-term measure of protectionism.

The intention, with the creation of the Multi-Fibres Arrangement (MFA), was to give Europe and America time to reorganise their industries against a tidal wave of chesp socks, sheets, shirts, yarns and fibres coming from countries such as Hong

from countries such as Hong Kong, South Korea and Tai-

The short term inevitably turned into the medium term as job losses mounted and as Hong Kong and South Korea were foined by even cheaper producing countries such as Indonesia and Sri Lanka.

Now, even though the worst of the recession is over, the medium term threatens to turn into the long term following the loss of over 1.5m jobs in Europe in the decade of the MFA, a loss which, of course, reflects productivity improvements as well as improvements as well as imports.

Trade representatives from more than 50 countries are at this moment enmeshed in an agonising and difficult debete et Gatt's sombre headquarters on the shore of Lake Geneva on how to prevent this.

They have been given until next July to produce a report on how the MFA has worked over the last decade and what should follow it when it expires in July, 1986.
Mr Arthur Dunkel, director-

general of Gatt, already has before him two vital documents. One, from the Textile Surveillance Body, the Gatt group that monitors the MFA, claims that little or no headway has been made in the objectives of achieving the reduction of barriers and the progressive liberalisation of world trade.

The other, from Gatt's econamic secretariat, all but concinded in a report entitled Textiles and Clothing in the World Economy, that the MFA had been a mistake,

Mr Dunkel is only too aware that Gatt's function is to promote world trade, not regulate it, and he is being extremely cautious about when it might be possible to put a stop to the MFA. He has to reconcile differences between the supdifferences between the supplier nations, which want an immediate end to the MFA, and Western industrial interests who want it to continue after July 1986,

Mr Dunkel accepts the main

premise of the economic report that other Western industries, such as electronics, television, steel, shipbuilding, cars, have all-had to face the same problem of cheaper products from the newly industrialised low-cost suppliers and have managed to do it without creeting barriers.
There was—or, to be more precise, ought to be — nothing Multi-Fibre Arrangement

Textiles: the struggle at Lake Geneva

By Anthony Moreton



Arthur Dunkel: vital docu-

special about textiles and account of developing councioning.

M Philippe Leclercq, president of Comitextil, the European organisation of textile pro-ducers, said: "It is better to have order in international countries."

Comitextil pointed out that

clothing sent to Pakistan has to climb over a 192 per cent tariff.
To get into Egypt it bas to go
over a 145 per cent burdle.
Europe may impose quotas on
goods from these and other countries but its tariff barrier is on average 18.5 per cent.

The suppliers dispute this. They brandish Textiles and Clothing in the World Economy as their bible and want an immedite return to free trade, operating under Gatt rules, from August 1, 1988.

If they win the argument in Gatt they would get unfettered access to Western markets again. But they would be under no obligation to dismantle their tariff harriers since these are imposed for balance of pay-ments reasons and so are permissible under Gatt rules.

Most of the low-cost countries
privetely concede that the complete abolition of the MFA on
July 31, 1986 is simply not
feasible

One or two, such as India and Egypt, remain in the hard-line camp, but most are prepared to soften their approach. If the West were to give an undertaking that any extension of the MFA after July 1986 would be

the last such extension and that its provisions would be con-

THE SCOPE OF THE MFA

THE Multi-Fibre Arrangement was introduced in 1974 under the aegis of Gatt to allow the textiles and clothing industries of the West four years in which to reorganise following the rapid rise of low-cost supplies from Hong Kong, South Korea and Taiwan.

vinced that a continuing regime is essential and that there is no realistic alternative to MFA." In a report, backed by AEIH,

the European clothing body, Comitextil claimed that the

MFA had ectually brought

about an expansion of trade and

that any return to the general rules of Gatt would be no

"The arguments in Textiles and Clothing in the World Economy remain purely theoretical because they fail to take full

It followed earlier arrange It followed earlier arrangements, relating soiely to cotton, dating from 1961. The cotton agreement had been introduced, tronically, by the liberal trade-minded U.S. following assurances given by Senator John Kennedy in his election campaign for the presidency.

The MFA now covers all sibres, fabrics and clothes and

affects some 80 per cent of world trade in these items.

The four-year period allowed for the restructur-ing of the Western industries proved to be insufficient as the economic recession began-to hite and as even lower-cost suppliers emerged. It was, therefore, extended with BIFA 2 in 1978 and MFA 3 in 1982. The present extension expires in July 1986.

The MFA is a global agreement laying down the principles for expansion in principles for expansion in frade. Within it, each country (or group in the case of the REC) negotiates bilateral quotas between each supplier and importer for every pro-

opportunities for UK firms and

opportunities for UK firms and substantial employment for the offshore supply industry.
But UK gas alone will not be enough, If gas customers are to get the supplies they want, gas from the large Norwegian Sleipner field will also be needed. This should begin production around 1990, maintaining the present level of gas imports when our existing Norwegian supplies fall away.

Norwegian supplies fall away.

We can be confident of meet-

ing customers' demands only if the gas we expect from the intensive exploitation of UK resources is topped up with Sleipner gas. To give up Sleipner, in the bope that even

more gas might be quickly pro-duced from new discoveries in UK waters would be e gamble on uncertain reserves becoming

available on time. Such a gamble might appeal to gas producers, but would surely be less ettractive to consumers: the

their gas supplies. Without Sleipner, we could bave some very disappointed customers.

The British economy is fac-

ing an uncertain future—we surely do not want to increase this uncertainty by taking un-necessary risks with the nation's

vital energy supplies. C. W. Brierley. 152, Grosvenor Road, SWI.

Sir,—I read with dismay the Lombard column (October 19) entitled "The death of macro-economics."

Macroeconomics cannot be

dead. We simply cannot let it dle. Keynesian theories suc-ceeded so well for a quarter of

a century that they destroyed the bases on which they rested.

were still alive, he would long ago have adapted his theories or formulated new ones to cope

with the problems his old ones

have created. But Keypes is

long dead and, sadly, no one has

emerged since with anything like the grasp of broad issues

But, please, that does not

that he had.

Macroeconomics

cannot be dead

From Dr J. Cumes

duct that is thought to create disruptive conditions in the importer's country.

Products have been divided into 123 categories — men's socks, ladies' dressing gowns, children's underwear, yarus, gloves, pullovers, etc—but a quota will be negotiated only if the importer feels that supplies are having a disruptive effect on its infustry.

If there were no MFA, all If there were no MFA, all countries would be subject to Article 19 of Gatt under which they have to treat their sup-pliers equally and any favour-able treatment offered to one country had to be given equally to all others. This is the Most Favoured Nation, or MFN, principle.

stantly and consistently observed, most would eccept one more period of grace, But the question is: How long would they accept? And, a sub-sidiary question: What would they demand of the West in return?

Hopes of finding some common ground have, unfortu-nately, been made much more difficult by the intransigence of the Americans this year. Under considerable pressure from the very strong textile lebby in Washington, President Reagan has tightened the screw on imports from many Far
Eastern countries by reviewing
already agreed levels of
imports. This has greatly
soured the atmosphere in

Geneva.

The suppliers feel hadly treated. The U.S. had "abused the consultative mechanism" according to Sr Sergio Delgardo. the Mexican delegate in Geneva.
Even the EEC found Itself in
tha Third World camp when the
U.S. ections were condemned
by a massive 50-1 vote.

Describe Weekligston middlying

containing policy surprises.

money supply diverge indefi-nitely or will some viable alternatives to bank finance

have to be found for the private

The Governor's speech con-

tains another more pressing technical question on which the

answer is less than perfect. This is a restatement of tho

to explain to my great-aunt how the Bank regulates the money

sector?

by a massive 50-1 vote.

Despite Washington muddying the waters, many delegates in Geneva feel that a final extension of the MFA of between six and 10 years could be acceptable. An important aim for them is to avoid being placed in a position where the negotiations presenting the and take tions preceding the end take place in a U.S. presidential election year. An MFA that ended in 1938, 1992 or 1996 has therefore to be avoided at all

Mr Dunkel is aware that there dry? Can bank credit and the Mr Dunkel is aware that there are wider issues. "The outcome of the reconsideration of the MFA will have implications that go far beyond the textiles and clothing field," he said.
"If the developed countries do not allow their economies to adjust to increased imports of

such labour-intensive products on the grounds that they originate from so-called low-cost suppliers, they directly frustrate the industrialisation efforts of the Third World and indirectly the import capacity of these countries."
The case for freer trade has

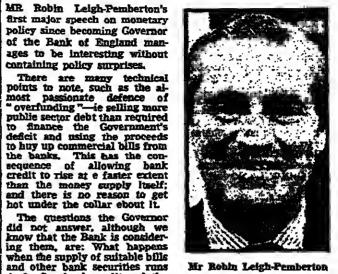
been given powerful support at the highest level. When Gatt ministers called, in 1982, for a report on the workings of the MFA — a report that is now being drawn up — the clear assumption was that trade liberalisation was a good thing The most important lesson

that the experience under the textiles arrangements has taught us is that good trade policy tends to be conducted with simple and transparent policy instruments." Mr Dunkel

The Bank of England

The Governor's first monetary foray

By Samuel Brittan



Mr Robin Leigh-Pemberton

out strongly in favour of price stability in the 1970s. But in the absence of guidelines and quantified constraints, it did not prevent them experiencing double-digit inflation.

A medium term strategy is cessary both because of the inadequacy of good intentions and the very understandable scepticism of financial markets about the durability of merely short-term policies. "The existence of monetary

riss is a resistement of the view, strengly associated with the Bank's Eddie George, that the central bank cannot impose a view of short-term interest rates "in the face of strong market conviction." The existence of monetary targets places the onus on the authorities to explain why they are ignoring the signals given by diverging monetary growth, or why they are making course corrections by changing target indicators or target target. One can easily sympathise with his verdict that the occawith his vertice that the octa-sional wrong signal from the market (such as last sum-mer's virtual 3 per cent rise in base rates) may be a price worth paying as a protection against official wishful thinking; ranges. They act as e trip-wire, preventing the euthorities, consciously or unconsciously, from ignoring danger signals, per-haps in the pursuit of more immediately popular and ex-pansionary policies." and that such a wrong signal will often be reversed quite soon. I still find it impossible supply when its main instru-ment for so doing is interest rates and interest rates are left in some undetermined limbo. But how exactly are the

targets chosen and with what aim in view? Here the Governor

side factors. The paths for prices and ontput are not indopendently specified, though illustrative figures are offered; the strategic plan relates to a path for the evolution of nominal incomes." (i.e. Nominal GDP).

The Chancellor may not think the Chancellor may not think that this version can be shouted from the bousetops or put over on television. I will gladly furnish him with e popular translation so long as he does not allow his officials to object to the slight coarsening and simplification involved. I suspend that the intelligent public simplification involved. I suspect that the intelligent public would rather hear e straightforward account of objectives than either the partisan alogans or the discussion of means and intermediate objectives, between which political figures tend to elternate.

The one unfortunate section in his speech is where the Governor tilts at a straw man Governor tilts at a straw man in denying that Nominal GDP can serve as an operational objective. It is true that some advocates of fiscal fine tuning such as Professor James Meade would target Nominal GDP directly (although as one of the fathers of national income accounting he reads headly to accounting be needs hardly to be reminded of the problems with the quarterly data).

But those who have espoused monetary means have never seen Nominal GDP as more than an ultimate guideline to govern the choice of monetary targets and the occasional departures from them. There have been three different specifications of the monetary objec-tives and three different sets of targets since the MTFS was launched in 1880. As the Governor mentioned, in the U.S., Switzerland, Germany and Canada, monetary targets have at times had to be set aside because of distortions in their relation to Nominal GDP.

The role of Nominal GDP is to explain what is supposed to rates and interest rates are left in some undetermined limbo.

It is not a sentiment every industrialist in the West would endorse. Nor would every supplier who has profitted from the quots systems that have proliferated in the Taird World as a consequence of the MFA. But it is one both sides will soon have to accept.

Tates and interest rates are left in some undetermined limbo.

The most important part of the specific explanations we beve had so far: "The aim of the control of the MFFS is to bring inflation depend npon the flexibility and depend npon the flexibility and adaptability of the economy, while providing room in the predecessor. He points out that it is one both sides will soon have to accept.

Defence costs and capability

From the Director, Centre for the Study of Arms Control and International Socurity, University of Lancaster

Sir,—You report (October 25) that a joint SDP/Liberal committee is to consider the suggestion that cruise missiles deployed on submarines would be e better choice than Trident for the next generation of the British strategic nuclear force. Whatever economic savings may result—and these will be limited since nuclear powered submarine systems are never cheap—they will hardly compensate for the vertiginous drop in the effectiveness of a British cruise-based "minimum deterrent" force compared to a ballistic missile-based alterna-

The reason is simply that a British cruise force will inevit-ehly be small in reletion to tho size of the defences erected against cruise missiles by the against Crists missies by the Soviet Union. The Soviet anti-cruise defence network, unlike its anti-missile defence system, is not limited by treaty. It is being built to counter not a strack from the very much larger United States cruise forces. While American cruise missiles while American cruise missies might be expected to penetrate the Soviet defences, partly through force of numbers and partly through prior use of ballistic missiles to destroy key command centres of the Soviet

command centres of the Soviet air defence network, neither consideration would apply to a British cruise force of the kind being considered by the Liberals and the SDP.

This is not to say there is no alternative to the Government's plan to replace Pelaris by Trident short of giving up mclear weapons altogether. Rather it is to illustrate the basic point that in consideration of alternatives questions of cost cannot

mat in consideration of after-natives questions of cost cannot be divorced from questions of capability. (Professor) Ian Bellany, Fyide College, Bellrigg, Loncoster.

Fixed Channel link

From the National Secretary, Building Construction and Civil Engineering Group, Transport and General Workers' Union

Workers' Union

Sir,—The news that building a Channel tunnel has been discussed by Mrs Thatcher and President Mitterrand is welcome in so far as it indicates that the Government may be at long last more amenable to the case for more infrastructure investment. It might, however, he asked whether a Channel be asked whether a Channel tunnel should be first priority when so much else needs to be done.

It might be questioned whether it is desirable to focus

Letters to the Editor

so much European traffic on to a fixed link between France and the already prosperous (and over-crowded) south east of England. Should this area be favourably treated in the creation of jobs? One must also remember that ultimately jobs may be lost among the existing ferry operators, which are pre-sently both efficient and profit-

There are other, more needy, areas and projects which should areas and projects which should receive attention, to the benefit of a wider cross-section of the construction industry. Take roads for example: the early completion of the M40 (Oxford-Birmingham) and the A1-M1 link, together with more bypasses, must be of greater benefit to the nation. Many wiles of severe need renewing. miles of sewers need renewing, especially in the north west. The east coast needs to have its sea defences rebuilt.

The list of worthy projects is endless and should be closely examined before the Govern-ment concentrates on one big project like the Channel tunnel. George Henderson. Transport House, Smith Square, SWL

Energy in the future

From the Managing Director, Economic Planning, British

Sir. — Why is it that energy questions are so often considered mainly from the point of view of governments, producers and suppliers? There seems to be insufficient considered. seems to be insufficient consideration for the customers for whom energy is such a vital part of both personal and business life. In fact, the most important aspect of energy is our dependence on its use, not the way in which it is won.

There ere 16m customers who have a more as the largest single.

rely on gas as the largest single
supplier of energy to British
homes and industry. Yet, in the
present debete about the source ago have adapted his theories present debate about the source of Britain's future gas supplies, little has been said about the needs of gas users. The whole issue is treated as if it concorned only the companies and Governments with interests in the North Sea.

-Britain needs substantial new supplies of gas, because the flow from gas fields now under contract is declining. It is clear that gas users will need all the gas that is economically received from fields in UK waters indeed a very large number. eranie from news in UK waters to had a very largo number unfortunately be is not alone— of such bouses, of new UK fields must be developed during the next five to 10 years, providing new threaten to do as much damage Stroud, Glos.

as the now discredited mone-tarists. Please, let us not abandon our selves to this kind of despera-

or any other kind. Let us not have another wasted decade discovering that the "Barros" are wrong. Please instead let continue to search for sensible macroeconomic solutions. For, unless we get our broed framework right, many of the world's finest societies, not least the British, could suffer irreparable damage.

Please let us continue to debate these issues. Let us not throw up our bands in despair because the "Barros" and other because the "Barros" and other economists cannot get their thinking straight and consequently tell us straight thinking It beyond us. It is not — and we must do it — otherwise so much of what we have fought for this century in social and political as well as economic terms, will be lost.

be lost.
(Dr.) J. W. C. Cumes,
Veithquasse 6,
1030 Vienna Austria.

Housing Defects

Act

From Mr R. Reade, Sir,—I have been following with some interest the corres-pondence in respect of the

Housing Defects Act.

Mr Lloyd (October 16) is performing an admirable public service in disclosing the practical shortcomings of this piece of legislation but has, I feel, missed one further point upon which the Minister might feel inclined to comment.

Until recently costs of major repairs to system built bouses would have set the price below which the property could not be sold under the "Right to buy" provisions. The local anthority would in the event of

antionry would in the event of sale recover all of the cost of such works.

With effect however from August 26, the Secretary of State for the Environment has determined that the cost of works to deal with any fafer. works to deal with any defect affecting the dwelling house will no longer be taken into account in setting the "cost floor" below which the property may not be sold. In addition the Secretary of State has determined that works to remedy defects to proworks to repurchased under the Act will also not count for "cost floor" purposes.

If, therefore, local enthorities become involved in repair-

ing system built bouses at costs in line with the Minister's aug-gestion of £14,000 they will be virtually guaranteeing subtanmean that we should confine tial losses on subsequent sales, ourselves to the macroeconomic study of "households and determination is plainly not calculated to encourage local road led us to the disasters of authorities to invest scarce the 1930s. Professor Barro— capital resources in the repair



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FINANCIALTIMES

Monday October 29 1984



BRITAIN RECONSIDERS SCHEME TO DISTRIBUTE FOOD TO FAMINE AREAS

Ethiopia attacks UK airlift offer return

BY PATTI WALDMEIR IN LONDON

THE BRITISH Government was last night reconsidering its offer of two RAF Hercules transport aircraft to distribute food to famine-hit areas of Ethiopia after an Ethopian official suggested the airlift was a

Mr Dawit Wolde Giorgis, head of Ethiopia's Relief and Rehabilitation Commission, said on radio yesterday the offer of two aircraft to ferry supplies within the country for one month was "undesirable."

Funds committed to the airlift could be better spent on other forms of assistance, he said, adding: "It serves the interest of politics here, the publicity aspect. We do not want this situation to be exploited

The offer of the aircraft is part of an international aid effort for Ethiopia aimed at alleviating the plight of 6m-7m Ethiopians threatened by famine as a result of a 10-year

Zündapp

assets

bought

By Jonathan Carr

fallen on hard times.

assembly at Tientsin

Johnson

by China

competition from Peking in a re-

markable race to acquire a small West German company which has

An Iranian team came a distant

third in the hidding for Zündapp, a

Munich motorcycle manufacturer which had to file for bankruptcy in

Earlier this month Iranian inter-

ests looked to be on the point of

acquiring Zündapp, but delays in

transferring the agreed purchase price gave the Chinese their

Sipra to fight

Matthey move

By David Lascelles in London

MR MAHMOUD Sipra, the Pakista-

ni husinessman whose ailing El

Saeed Group threatens Johnson Matthey Bankers (JMB) with large

up his loss-making shipping inter-

don with his American lawyers who bad arrived in the UK from New

York at the weekend in anticipation

of negotiations with JMB and possi-

At the end of last week Price Wa-

terbouse was appointed receiver to two of Mr Sipre's film companies, Nitemeg and Monostock, and JMB's

solicitors petitioned for the winding up of Eurostem Maritime, one of his

London-based shipping companies.

\$25m to \$30m in loans out from JMB, but others bave said the expo-

sure is much larger. He says he is

In a separate action today a

group of banks, including JMB, are

to appear in the High Court to try to

decide the fate of Esal, the troubled

commodities group which ceased

trading this year with about £200m

Many of the banks support a res-cue package which involves the re-

financing of some of Esal's debts to

tition to have it wound up.

(5240m) of debts.

Mr Sipra has said his group has

hle legal proceedings this week.

He was holding meetings in Lon-

significantly following the screening on television in Britain, Europe and the U.S. of films highlighting tional community for responding

The European Community has sent 147,000 tonnes of cereals to Ethiopia and spent Ecu 38.3m (\$52.3m) on its distribution so far

The U.S., the largest single donor to the country, has committed \$43m since October 1, according to U.S. Agency for International Developadministrator Mr Peter Mr McPherson said Ethiopia's

principal ally, the Soviet Union, had so far provided only about £3m in rice shipments. Rice is not part of Ethiopians' staple diet.
Herr Willy Brandt, former West
German Chancellor, has said he

would head an international commission to supervise deliveries in

Aid efforts have been stepped up Dawit has said the commission is they did not wish to minimise the

only to "sensational incidents." Re-lief agency officials have also complained that pleas for aid issued as long as two years ago went virtually unheeded until television footage of babies' corpses wrapped in shrouds of rags joited governments into ac-

Officials of the British charity War on Want, the primary relief agency operating in rebel-beld areas of the worst-affected provinces, Tigre and Eritrea, said yesterday a far greater problem than the issue of an airlift was the near impossibility of delivering the ald s safe conduct could be guaranteed in these areas.

Representatives of private relief agencies operating in the country the worst-affected areas, but Mr British aircraft plan, saying while

positive impact, the estimated £2,000 (\$2,440) per hour aircraft operating cost would buy more help for more people if it were used to redress a critical shortage of trucks, tyres and spare parts. Use of the aircraft for only e

month would make an "insignifi-cant" contribution to the relief effort, Mr Dawit said. The Ethiopian Government clearly feels it must capitalise on the wave of public sympathy generated by television longer than one month.

Mr Timothy Raison, Britain's Minister of Overseas Development sought to play down the apparent disagreement with Addis Ababa stressing in e separate radio interview that Britain was willing to consider alternative arrangements

first six months, import penetration and price discounting have since cut into both volume and margins. The industry's problems were highlighted when LTV, which acquired Republic Steel in the snmmer, announced that it would omit

its dividend in the final quarter of The company's decision coincides with poor third-quarter figures, which showed a loss of \$79.8m against e deficit of \$49.7m in the

Hard times

for U.S.

producers

STEELMAKERS

experiencing severe setbacks after their brief return to profit earlier

Although some companies still bave to report their third-quarter figures, the results announced show

a sharp deterioretion from the

gains made in the first half of this

year.
While the U.S. economic recovery

belped manufacturers during the

By Terry Dodsworth in New York

steel

same period last year. Sales rose to S2bn from \$1.2hn In the first nine months of the year, LTV ran up losses of \$131.5m, compared with \$188.2m e year earlier, while sales rose to S5hn from \$3.1hn. The company's share price

lost \$1% on Friday, to close at \$10%. Another leading steel company, Armeo, has also announced that it will not be paying a further dividend this year. Armoo first declared that it was suspending payments last August, and is not expected to resume for several quarters. The company announced a net loss of \$272.7m for the third quarter.

The troubles of the steel manu facturing sector are being intensified by a series of downgradings by Standard & Poor's, the deht rating agency, which has issued new guidelines on Bethlehem Steel, the second largest producer, Inland Steel and Armco.

Of Bethlehem, which is scheduled to report its results this week, Standard & Poor's says that "even given continued economic growth, a return to profitability should not be The Histadrut central committee agency has reduced Bethlehem's yesterday decided to put forward its credit rating on its senior debt to

THE LEX COLUMN The short arm

Corporate

early days, the Panel worked from

a small rule-book and kept order in

often arbitrary but effective fash-

ion. As the rule book has expanded,

the Panel's freedom of manoeuvre has been restricted and the burden

of proof has shifted from the inves-

tigated to the investigator. The Pan-

el must play by the rules but has no statutory authority to enforce them.

The Takeover Panel is frequently

presented as an advertisement for

self-regulation - and rightly so. Its

task has, however, been facilitated

areas of potential conflict of inter-

est will multiply. New participants

as their predecessors.

Detection of irregular share deal-

Yieldson

bonds

Last week the UK Takeover Panel added a new waxwork to its rogues' gallery. Alongside the insider dealer and the concert partygoer now stands the fan club member, not so sinister a figure as his neigh-bours but a little shady none the less. A fan club, the Panel warns, may arise when one investor, by virtue of his reputation, attracts others to buy sbares in a single company. Although this might not rate as a concert party, the leading investor could find himself holding sway over 30 per cent or more of the votes without baving any obli-

gation to make a full bid. The distinction between a concert party and a fan club is an extremely fine one, as Mr John Griffiths found during his investigation of share dealings in House of Fraser. Neither is a new phenomenon and it is unrealistic to expect that any statutory or self-regulatory structure could distinguish unfailingly between the two. Even allowing for the difficulties, bowever, the sniffer-dogs from the Panel, the Stock Exchange and the Department of Trade and Industry (DTI) have recently shown little success in tracking down suspicious or co-ordinated

The most conspicuous failure has been the prosecution of insider trading, which normally proliferates in periods of heavy takeover activity and has done so again this year. The share price movements of Chubb, Curry and Brooke Bond among others - have alerted the market to the possibility of a bid well before the offeror has shown his hand. Yet, to judge from the record of the past few years, it is most unlikely that any of those responsible for the price movements will be

share dealings.

prosecuted, let alone convicted. Between June 1980, when insider ealing became a criminal offence, and March of this year the Stock Exchange referred 76 investigations into dealings in securities to the DTL Yet the DTI has brought charges in only three cases and has secured a conviction only once.

The DTI admittedly faces the most formidable obstacles. Anyone with a Swiss telephone directory can almost guarantee immunity by the simple expedient of trading through a foreign nominee account. But the experience of the past four years has also exposed serious weaknesses in the UK's legislative and regulatory approach.

The Companies Act of 1980 failed to grant the DTI powers of subpoena and so left the authorities fighting with one hand tied behind their back. The legislation defined

of the law sion is considering Draconian mea sures - under which dealing in sec-urities in the U.S. would serve as a

waiver of foreign secrecy laws - in order to tackle the problem. Such radical action is unlikely in the UK but the shortcomings of the present arrangements should at least be ad-dressed, not least in the forthcoming White Paper (discussion docu-ment) on investor protection.

Treasury on target Last Wednesday was a fine day

for the U.S. Treasury. Almost effortlessly, it managed to save itself more than Sim a year in interest costs for the next four years with nsider dealing so narrowly that the the prospect of many more line DTI has fought shy of bringing prosecutions. Meanwhile, the treatdays to come. The occasion was the auction of its first internationally targeted bond issue, at which Euroment of insider dealing as a crimi-nal offence has limited the effecpean and Japanese banks bid for paper at e yield of over 30 basis tiveness of the self-regulatory agencies. The old Takeover Panel approach - vigorous arm-twisting folpoints lower than the domestic counterpart. The domestic anction was only moderately successful And this was at a time when Eurolowed by a polite request that the offender make an appropriate con-tribution to charity - might now be held to prejudice criminal proceeddollar bonds were uncharacteristically yielding more than U.S. bonds. The result is the worst of both worlds. The legislation lacks real teeth and yet inhibits the free-

The issue was oversubscribed and the Treasury cannily allocated only Sibn to bidders, perhaps hopwheeling approach of City of Lon-don watchdogs. A similar problem confronts the Panel in tracking down abuses of the City Code. In its ing that those who missed out this time will bid more aggressively at the next opportunity. About half went straight into Japan, where or ders had been placed for the bonds weeks before the auction.

The 30-basis point sacrifice over domestic bonds - which are also tax-free now - is the price investors pay for anonymity. On the targeted issue, their names appear on no register, although sellers of the bonds have to certify that the buy ers are not U.S. citizens. Even this amount of bureaucracy has put off some banks, particularly the Swiss.

. The question is whether investors are being asked to pay too much for by the clear demarcation lines between different categories of institution in the London market and by
the willingness of almost everyone

"My Jim Raper being the most notout on an inangural side of the acable exception - to abide by the tion. When it came to selling the parules.

The City of the late 1980s will be Europe and some people found more challenging. As the lines of themselves selling bonds at a loss demarcation become blurred, the as the price fell.

Once the novelty has worn off for in the corporate finance market will tors, the spread between interne-not necessarily be so familiar with — tional and domestic issues will have or even respectful of - the City Code to narrow. In fact, because of niggles over the certification pro-cess, the Treasury may well find ing is all the more difficult in an in- itself in the embarrassing position ternational securities market. The of having to pay more for its money Securities and Exchange Commis- in Europe than IBM or Coca Cola.

1:1

Israel plans withdrawal of all troops from southern Lebanon

BY DAVID LENNON IN JERUSALEM

drawal of its forces from southern Lebanon, rather than the partial one previously planned. Israel is relying on the U.S. to CHINESE industrialists from the city of Tientsin have beaten the

tary, said after the Cabinet meet-ing. "We will welcome any effort by the British or others to help resolve the problem of Lebanon," he said. The announcement came as Sir

Geoffrey Howe, the British Foreign Secretary, flew to Israel for talks with Mr Shimon Peres, the Prime The Tientsin interests are to pay DM 16m (\$5.3m) - in three instal-ments to next April - for Zundapp. Minister, after a morning of discussions with President Amin Gemay-

A Peking representative also present for negotiations late last week in Munich put in a last minute hid, but his rivals managed to seal the deal. Chinese will begin discontinuous. The Foreign Secretary told a news conference in Lebanon that hid, but his rivals managed to seal the deal. Chinese will begin dismantling Zūndapp's plant and machinery in December so that they can be transported to Chine for can be transported to China for re- during his talks in Israel.

argued in favour of an extension of a United Nations force in Lebanon, any request for Britain to take part would be considered.

However, he pointed out, this could take the form of additional lo-

THE ISRAELI Cabinet decided yes- gistical support and need not neces- not have to take the form of a writterday to strive for a complete with- sarily involve troops. Sir Geoffrey spoke with Presi-dent Gemayel and Mr Rashid Kara-

meh, the Prime Minister, for nearly four hours. Their discussions conmediate on the security guarantees which must precede its withdrawal, Dr Yossi Beilin, the Cabinet Secresters taken by the Lebanese Govsteps taken hy the Lebanese Gov-The Foreign Secretary's aides said he did not intend to mediate

and that the visit to Lebanon prior to travelling to Israel was coinci-Mr Hichard Murphy, the U.S. Assistant Secretary of State, is due back in the region this week for another round of visits to Jerusalem,

Damascus and Beirut to explore the possibilities for reaching agree-The Israeli Cahinet yesterday decided to give the U.S. unlimited time to try to ohtain a Syrian under-

taking that in the event of an Israeli withdrawal its forces would not At the same time efforts will be made, with UN praticipation, to reach an agreement with the Leba-

nese Army on future security ar-

rangements for southern Lebanon. Officials in Jerusalem said this did

Israel wants Lebanese egree ment to a redeployment of UN for-

ces to the area between the Awali and Zaharani rivers. Officials were anxious to bear what Sir Geoffrey had learned about the Lebanese Government's attitude on this issue

Meanwhile, one Arab was killed and others injured when a rocket was fired at an Arab-owned bus in Jerusalem yesterday. Three Israeli Jews were arrested by the police immediately after the attack. A note left at the scene of the

murder claimed the attack was in retaliation for the killing of two Israelis last week by a Palestinian from the Deheisha refugee camp. • The Israeli Government's attempts to win trade union agreement on a wage freeze as part of its economic recovery programme have been blocked by the rejection of the government plan by the His-tadrut, the federation of trades

own proposal for a package deal double B plus from triple B minus. which would invlove freezing not Inland Steel's senior debt rating only wages but also prices, profits has been brought down to triple B and taxes.

Nigeria rules out early

ter of Oil, suggested that the objective could be fulfilled by the end of

At the Geneva talks last week he is understood to have told Opec members that Saudi Arahia would be prepared to limit its output to 4m b/d, an effective cut of about 1m h/d compared with the rate this month and also the maximum amount al-lowed it by other members under the prices and production pact.

Kuwait suggested that it would be prepared to sacrifice 100,000 to 150,000 b/d if the United Arab Emirates would cut as well. Venezuela and Libya indicated that they were prepared to forego 100,000 h/d, while Algeria expressed a willingness to come down by 50,000 b/d.
Egyptian Oil Minister Abdel-Radi Quandil, also in Geneva for talks

Yet such resolutions provide a measure of the international respectability of Argentina's claim after its disastrous invasion. Equally, the number of countries rejecting the resolution or abstaining measures the patience of Britain's allies

voted with Britain against the resolution, but a total of 54 abstained, including all the EEC countries The solidarity of this European abkeep the group alive. Others will pe ful solution to the sovereignty dis- stention will be the key test of Britpute and their remaining differ- ain's support on Wednesday.

The problem of differentials has been compounded by Saudi Arahia's decision to increase the proportion of Arabian Heavy in its export contract packages from 20 per cent to 35 per cent - which effective-ly has made Arahian Light almost 50 cents a barrel cheaper.

posed to any increase in heavy crude prices, which would narrow the differentials and properly take into account the increase in excess

Because of the present differentials, pressure in the market on the lighter crude has grown and encou-raged discounting in various forms by Opec members. Opec experts, as

commanded a price above its official selling rates of \$20 to \$26 per barrel, while Arabian Light only exceeded \$29 for a short period in the summer of 1983.

spot market, but the gap had wid-ened to about \$1.70 last week when the buyer-seller rate for Arahian Light was \$28-\$28.35 and for Arabian Heavy \$26.25-\$26.70.

Sheikh Yamani, however, is op-

upgrading capacity in the world's refining industry.

well as the oil industry, are coovinced of the imperative need to close the gap between the official selling prices of light and heavy crude if the market is to be stabilised in the longer term. Arabian Heavy has consistently

A month ago the two crudes were

Argentina moves to step up Falklands pressure increase in oil price Continued from Page 1 BY NICHOLAS COLCHESTER IN NEW YORK ARGENTINA hopes that inserting ences relating to the question of the four words into a resolution before Falkland Islands (Malvinas)." Zaki Yamani, Saudi Arabian Minis-

the United Nations General Assemsure on Britain to resume negotiations over the future sovereignty of the Falkland Islands. losses, was yesterday preparing to resist attempts by the bank to wind

Both countries are lobbying intensively in the build-up to the debate on Wednesday. Argentina is

trying to win a more emphatic mejority than it achieved on the same issue in November 1983, by claimflexibility in its approach. The country's Foreign Minister, Sr Dante Caputo, has arrived in New York to The UK delegation, led by Sir

John Thompson, the British amhas-sador to the UN, is striving to convince any waverers among the numerous abstainers of last year that the revamped resolution still effec-tively calls for talks about a predetermined transfer of the Falklands to Argentina, in which the wishes of the islanders will not be respected.

In its efforts to suggest that the call for talks does not bind the UK's hands in advance, Argentina has added four words to a key paragraph of the resolution. This now reads: "The General Assembly reiterates its request to the

governments of Argentina and the UK to resume negotiations in order

to find as soon as possible e peace-

It is by inserting the phrase about "remaining differences" that Argen-

tina hopes to convey that nothing is made non-negotiable by the word-ing of the resolution. It is cryptic, but significant," an Argentine offi-cial said last week. British diplomats still insist that

to negotiate about sovereignty is to concede that sovereignty is negotiable. In particular, they stress that a phrase in the preamble "reaffirming the need of the parties to take due account of the interests of the population of the islands" does not provide for self-determination. At first sight the tension over the

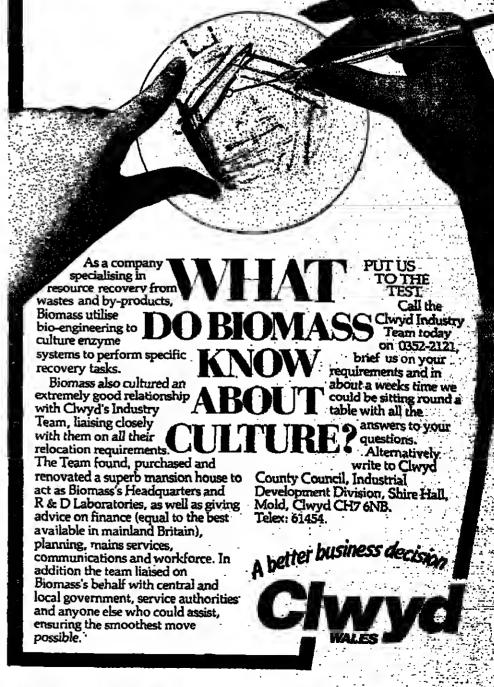
debate might appear pointless. Argentina will undoubtedly achieve its substantial majority support of 1983, but the vote will not oblige the UK to alter its attitude in any way.

towards its stance. Last year only eight countries

with Opec members, confirmed on-arrival that his country was pre-pared to cut its current production level, which be estimated at about 900,000 b/d. Oil companies, forecasters and analysts believe a shortfall of Im h/d would be sufficient to turn the

market around by the end of the year. On his arrival in Geneva Mr Belkacem Nabi, Algerian Minister of Energy, questioned whether 1m only about 75 cents apart on the b/d to I.5m b/d would be sufficient, but it was not clear whether he was talking about a reduction from the likely level of demand or the 17.5m

fers from them would be an insult to everything the British Labour movement stands for. If such offers are ever made then of course they must, and will be rejected."



Published by The Financial Times (Burope) Ltd., Frankfurt Branch, repre-the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Go. 18tt. Drughtens, Garbb., Parallett May. Representation of the Con-

World Weather

UK unions put pressure on miners Continued from Page 1

for financial aid. "There's nothing who was said to be a representative regime was "vile" and that "any ofnight that he knew of the contacts and saw nothing sinister in them. "The NUM has traditionally had links with unions on both sides of

the ideological divide, and the Libyan contacts are part of that." The allegations, in the Sunday Times newspaper, are that Mr Scargill once, and Mr Windsor twice. met Libyan representatives. Mr Windsor visited Tripoli, and met Colonel Gadaffi, the Libyan leader.

new: is there something wrong with of a Libyan hacked terrorist group. Libya?" Mr Heathfield said last Mr Abbasi yesterday denied the

Mr Scargill confirmed the visits. He said: "If a representative of the NUM visits a country it is not unusual for the leader of that country to request an interview." He said that Mr Windsor had been the guest of Libyan trade unions and that a distinction should be drawn between e Government and the trade union movement of any country.

Tha visit was allegedly arranged by Mr Neil Kinnock, the Labour Mr Mumtaz Abhasi, a Pakistani liv-ing in Doncaster, South Yorkshire, statement saying that the Gadaffi Mr Neil Kinnock, the Labour £15 strike pay, bow can you pay a

ment to court over the deduction of £15 e week from the social security benefits of striking miners. Mr Scargill told a rally no Saturday. "Our case is very simple. If the legislation states that you should not be paid £15 because it is med that the union have paid penny when they have frozen your

The NUM is to take the Govern-



SECTION II - COMPANIES AND MARKETS **FINANCIAL TIMES**

Monday October 29 1984



INTERNATIONAL BONDS

How Sweden upstaged the Fed

BY MAGGIE URRY IN LONDON come milestones on its course.

The week ended on a high note with Morgan Guaranty announcing the first sale by tender of floating rate notes, for that ever-innovative borrower Sweden. Ironically, Sweden's auction was publicised just as the bonds sold in the U.S. Treasury's first foreign auction were floundering in the market.

The Treasury auction of 51bn of four-year notes with an 11% per cent coupon and average issue price of 99,939 was undoubtedly a success in the borrower's terms. Many of the buyers however are now sitting and made a nonsense of commison uncomfortable losses. The bonds immediately started trading below combination of the interest rate the average issue price, and with paid and the front-ends fees.

The fees have become more on Thursday and Friday, the bonds were down to 98.50 by Friday

The yield difference between the lower yielding foreign and the do- the London interbank bid rate. mestic portion of the issue, which Through the tender, bidders will efhad been 32 basis points at the av- fectively set their own fees - it is erage auction prices, narrowed to just that they will not be the same around 15 basis points by Friday's for everyone.

Although at the auction level the Treasury had managed to borrow more cheaply than all but the bestloved U.S. coporate names in the Eurobond market, dealers reckoned There was also speculation that when the U.S. Government agencies start borrowing in Europe, they could get even cheaper rates if they go though the normal Eurobond syndication process,

The Federal National Mortgage Association (Fannie Mae) and the Student Loan Marketing Association (Sallie Mae) are expected to

come to the market soon. Sweden's competitive tender ry's in one respect. The banks which will be hidding are much more likely to be the end buyers of

den's auction was seen by the market as "a smart idea for the bor-rower," which may get funds cheaper than it could have done though the usual syndication route. From the bankers' viewpoint however, tenders are generally something to be resisted as they cut out the commissions. Tenders can be good, or they can be very bad - they can put people off," observed one banker.

This tender would probably not have happened but for the recent coustong market for FRNs - which has sion rates. A borrower's cost is a at home.

The fees have become more of a juggling item than the yield, which is usually a margin over London interbank offered rate. The yield on the Swedish issue has been set at

The issue was trading in the when-issued market on Friday at 99.25. If Sweden sold the lot at that price it would end up with an effective cost of funds on a discounted basis of 71/2 basis points over Libor, thet just showed the cheapness of to the five-year put option. That Eurobonds against Treasuries now. compares with a 9% basis point spread for the first big floater of the week - the \$1bn for Italy.

Described by a rival manager as an event, not an achievement, Merrill Lynch obtained funds for Italy at an unprecedented low rate. With front end fees pared to 14% basis points, the issue was held within that discount almost from its

The Eurodollar bond market was overwhelmed with issues last week. makes more sense than the Treasu- both floaters and fixed rate. The latter are still usually coming with warrants. So strong has the market's craving for warrants been that floating rate notes than of targeted Seagram found it better to issue Treasury fixed rate bonds. "A ten- bonds in the U.S. market, and war-

The World Bank spurned the idea of warrants for its Friday issue, settling for a plain vanilla bond which traded nicely inside its fees. Interestingly it has a tonger, 10year, maturity than has been seen

The Euro-Australian and New Zealand dollar markets were also coupons were set at lower levels brought down the cost of borrowing wealth Bank of Australia and Woolworth New Zealand, could have got

tapped on Friday - the latter for only the fourth time, and the first since March 1983. In each case the in the borrowers, Common-

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON ACTIVITY in the Euronote market timed at a brisk pace last week both markets at once is partly a \$300m facility for BAT Indus-

as a \$300m facility for BAT Industries of the UK was quickly over-subscribed, while Elders IXL, the group, brought its previously an- ment The Euronote market offers a nounced \$500m package to the mar- greater choice of maturities, partic-Led by Chase Manhattan and range.

Salomon Brothers, the five-year Elders deal breaks new ground as a "global note facility" with funds be-ing raised simultaneously in the U.S. commercial paper and Euronote markets.

This is a highly unusual structure because most companies prefer to borrow in the cheaper U.S. market and use Europotes simply as a and use Europotes simply as a which largely offsets the pricing dif-back-up for their commercial paper ferential between the commercial

ter known to both U.S. and international investors and partly to gain farming to finance extra flexibility in its cash manage. greater choice of maturities, particularly in the six-month to one-year its deal. Apart from the \$60m re-

> More important, however, is the fact that the company's paper has not been rated by either Moody's or Standard and Poors. This means that it will sell in the U.S. at a slight premium and will have to be acked by a letter of credit facility (being arranged by Chase Manhattan and Bank of Tokyo), the cost of paper and Euronote markets.

Banks which participate in the fa-cility will receive a 10 basis point commitment fee for agreeing to underwrite the Euronotes at a maximum 15 basis point yield over the London interbank offered rate for Eurodollars (Libor).

bridge technical cash shortfalls as paper is redeemed, its facility bears no commitment fee at all. Yet Citicorp, which is arranging the deal, had still managed to pull in commit-ments of \$320m by Friday night.

BAT and Elders IXL break new ground

How can BAT have pulled off such a coup? One answer seems to be thet those banks which have come into the deal regard it very much as a securities market rather than a commercial banking transac-

tion. By committing to bid for the notes they are assuring themselves of an inventory of paper they will easily be able to sell to their clients, OTE. A new twist to the story Only banks which are very confi-

and the state of t

dent of their power to place the notes with investors can afford to take such an approach, and then only with truly top-class credits. If banks felt thet there was a risk of their being stuck with the paper they would have to clear space on their belance sheets which would employ capital and make the deal ble without a fee.

In BAT's case their confidence in name their own price.

In the Eurocredit market Greece stages to %.

however when the Bank of England unexpectedly dropped its insistence that the sterling portion of the deal, amounting to around \$75m equiva-lent, could only bear Transferable Loan Instruments maturing in five

years or more. \$500m, eight-year deal for Algeria which is now expected to bear a margin of ½ per cent and a grace period of five years. In Italy, the being able to sell the paper in the state-owned finance company for market has been enhanced by a the manufacturing industry, Efim, provision which compels them to is due shortly to launch an Ecu bid for the paper but allows them to 250m, 10-year credit with margins starting at % point and rising in

NEW	INTER	NATIO	NAL	BOND	ISSUES

Borrowers	Ament E.	Metality	Au. Sie years	Caupon %	Price	Lead Museger	Offer yield	Borrawers	Amount	likturity	Av. life years	Coupon	Price	Lead Monayer	Offer yiel
II.S. BOLLARS Mppen Credit Bk Ø ‡	109	1992	7	12%	1031/2	Mga. Steniny, Bankers Trust, Sulomon, Nippon Credit	12,106	Alistralian Dollars Comm. Bank of Australia (35	1989	5	125/	100	Orion Royal Bk, Hambros, Nomera Int.	12.62
Suncer ‡ Italy (c) †‡ Hazanar-Gami ¶	75 1868 50	1991 1994 1986	7 10 5	12% % (5½)	190 180 188	CSFB, Orion Boyal Bit Marrill Lynch Yansaichi Int., Bgo Paribas, Oni-le	12.625 	NEW ZEALAND DOLLARS Woodworths N. Z.	28-25 ind.	1991	7	161/4	100	Bgo Gutzwäller, Karz, Bun.	16.25
Spain (d) 1‡	500	1999	15	3/8	108	Kangyo Int., KIIG, Mgn. Stanley Mgn. Guaranty, CSPB, Dectache, Mitanlishi Fer. Int.	_	D-MARKS EEC ‡	109	1996	12	7½	108	Deutsche Bank	7.50
Raiston Purine 21 Caca-Coln 21 Karnan Ex-lm Bank (a) 11 Malaysia (d) 11 Alicel high Bank (a) 11	196 190 50 600 180	1988 1988 1994 2009	18 4 10	12 1134 34	98 103.6 100 180 180	Mga. Genrurty, Salemon, CSFB. Goldwan Sachs Mga. Genrusty, CSFB First Chicago Asia Mak Bit, LTCB Asia, Man. Homeour Asia, Samitor Fir Int CSFB. Allied Irish Inv. Bit, Marrill CSFB. Allied Irish Inv. Bit, Marrill	12.359 10.234	SWISS FRANCS MADS ‡ British Land ‡ Faij Alachine Riberu. ** § ‡ Rolams Food ** § Council of Sur. Rant. Fd Toyana Chamical ** §	120 76 25 30 128 50	1994 1999 1990 1998 1992 1989	=	51/2 51/2 21/2 (27/6) (6) (25/6)	190 18074 180 100	UBS Soffic J. Henry Schrader Bk SBC Banca del Gottardo CS	6.12 6.47 2.50
Standard Bank (a) 11 Hakkanda Elec. Power 1	75 58	1991 1589	7 5	1/4 12 Ve	108 100	Lynch, Salamon Societe Generale Yamaichi Int., Boe Paribus,	12.125	STERLING African Dav. Bank ‡ Bengan kulosouz (b) † Ø ‡	54 85	2010 1991	25 7	111/a 1/a	\$1.574 180	Baring Bres. CSFB, Citicarp, S.S. Werburg	12.21
Prov. of Saskatchevian ‡ SNCF Ø ‡ Wustpac Banking Ø ‡ World Bank ‡	198 190 180 150	1989 1992 1992	5 8 7	11% 12% 12% 12%	180 184.1 103.8	Talongin Int. Bit CSTB Sulcason Bros., BNP, SBCI Mgn. Stanley, BoA Int., County Bi Mgn. Govranty, SBCI, Westpac	11.87S 11.562	ECUs World Stank World Bank	125 75	1989 1994	5 10	181/4 185/a	1 <i>98</i> 7/4 108	Kradiothank Int., ABN, Bge Brux. Lambert, BNP, Soc. Gen. de Bge, SBCI	10.18
Viecom Int. 5	50	1999	15			Duntscine Bit, ESFB, Goldman Secine, Mgn. Guernety, Mgn. Steriey, SBCJ, UBS (Secs)	12,250	EGN DESIZ	300	1998	181/2	744	1001/2	Amilio, ABN	7.593
Swaden (a) † U.S. Treasury ‡	508 1800	1999 1988	15 4	(7½-8) (a) 11¾	100 99,839av.	Swith Barrey, Harris Uphare, CSP (Tender sale) (Tender sale)	11.395	LIDK, FRANCS Union Bik of Findend ‡	250	1989	5	11	1801/4	Bge Int. a Lovern.	18.93
CANADIAN DOLLARS British Columbin 1 Ottowa-Carleton 1	198	1991 1954	7 10	121/2	100 160	SECI Wood Guardy	12.258 12,500	YEN Enrovins ** ‡ Trinided & Tolongo ** ‡	3lat Sta	1994 1994	9	7.9 8.1	168 105	Yamaichi Secs. Mikio Secs.	7,900 8,100

Note: Yields are calculated an AIRO be

NEW ISSUE

rement appears as a matter of record culy. The notes have not been registered for offer or sale in the United States Offers and sales of the notes in the United States or to United States nationals or residents may constitute a violation of United States law if made prior to the 90th day after a determination that the distribution has been completed.

> U.S. \$100,000,000 Merrill Lynch & Co., Inc.

> > 12.75% Notes Due 1989

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October 1984



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PAN AM CORPORATION Delaware, U.S.A.

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Morgan Guaranty (Switzerland) Ltd

Overland Trust Banca Volksbank Willisau AG

Advisor to the Borrower

Salomon Brothers Inc

on an equivalent basis.

The Treasury has sold \$26bn

On Wennesday, the same day

U.S. MONEY AND CREDIT

Rally falters as unease over Fed is renewed

THE U.S. credit markets have entered a critical, "testing" phase. Despite the recent sharp decline in short-term money market rates, the rally faltered late last week as profit takers stepped in, while fresh un-certainties about the Federal Reserve Board's intentions and

nterest rates directions moved to the fore.

The key question facing investors is whether this setback marks more than a temporary end to the recent bull market rally. Wall Street is deeply divided on the issue.

Dr Henry Kaufman of Salomon Brothers highlighted Salomon Brothers highlighted the renewed unease in the markets last week by describing the recent rally as "s pleasant interlude" before underlying cyclical forces re-emerge to push rates higher. In the sborter term Dr

Kaufman, in his weekly "Comments on Credit", notes "Comments on Credit", notes that "The Federal Reserve has Aubrey Lanston, focused on the begun to act as though it latest banking figures from the believed ease has progressed as Fed which he saw as indicating far as desirable." The Salomon that "contrary to widespread expectations, the monetary to the transfer of the same fact. Brothers' economist drew par-ticular attention to the Fed's anthorities apparently have not move to drain reserves through reverse repurchase agreements reserve requirements."

U.S. MONEY MAR	KET R	ATES (%	(۵		
	. Lagt Friday	1 week	4 wits	—12 n Nigh	Lew Lew
Fed Funds (weekly average)	9.10	10.20	10.71	11.77	8.10
Three-month Treesury bills	9.35	9.54	19.21	10.77	B 48
Six-month Treasury bills	9.59		10.35	10.83	B.71
Three-month prime CDs	8,90	10.02	10.95	11.20	9.27
tiset-month prome table	8.25	8.50	10.70	11.33	9.00
30-day Commercial Paper	9.45	B.80	10.90 -	11.40	8.79
U.S. BOND PRICES		YIELDS ((%)	1 vzesk	4 wks
	Friday	on weak	Yield	ago	890
30-year Treasury	106		11.71	11.82	12.26
Seven-year Treesury	994	(new)	11.68	(MeM)	(new)
20-year Treasury	9874	(DBM)	11.96	(naw)	(now)
30-year Treasury	106	- 5	11.77	11.82	12,26
New 10-year "A" industrial		- %	12.68	12.63	13.25
Alexander Add Add Image collision	_	_	32.75	12.75	13.00

Source: Salomos Area (astrimotes).

Money Supply: In the week ended October 1S M-1 rese by \$1 85n to \$\$47.45n.

when the fund rate fell to 9} Other market economists, including Mr David Jones of Aubrey Lanston, focused on the latest banking figures from the vailing 91 to 101 per cent range, lower than the domestic issue most likely 91 to 10 per cent. This uncertainty was reflected in the end-week bond of new coupon offerings this price retreat and in the perception month and the flood continues, tion that the half-percentage On Wednesday, the same day point cut in the prime rate to 12 the September leading economic per cent amounced by the oig banks on Friday is likely to be released, the Treasury is due to announce details of the quarterly refunding. This is expected to include \$6.50n of the last reduction for some time -almost cetrainly the last be-fore the November 6 presidenFEDERAL RESERVE MONETARY TARGETS

106.70 106.70 819.45

K GILTS				
Investors	warv	despite	better	news

STEADIER OIL prices, a to overseas buyers, however, stronger pound and failing short-term interest rates might anxious not to jeopardise the have beld out the prospect of a strong revival in the gilts market last week.

Instead the market managed.

Earlier in the week many bad

not maintain the momentum to push gains beyond 1 to 11

That was enough for the Bank of England to get in another slice of funding before the British Telecom floatstion with its announcement on Friday that it is issuing £600m of existing stock in four transless or transless.

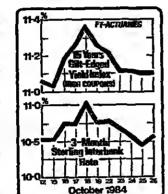
tranches, or taplets.

The spread of the four £150m issue across ell maturities and the designation of one (the 94 per cent of 1999) as tax-free

EUROBOM (nominal		
(Lithdament	Codel	
U.S. S bonds	0,000	Mad actual
Last week	8,621.2	16,849.2
Provious week Other bonds	8,731.0	18,783.5
Last week	1,337.9	1.627.2
Previous week	2,128.3	3,063.9

Instead, the market managed to recover its poise after the mine supervisors' strike threat, sterling-induced traumas of the segmental air of confidence in previous week, but then could the outlook for government borthe outlook for government bor-rowing and the money supply, and lower U.S. rates would have generated a more exciting per-Optimism was muted, how-

ever, by the apparent intract-ability of the miners' strike, and by some concern over the potential inflationary impact of high pay deals in the car industry.



pay deals in the car industry.

Investors also want to be sure that sterling's recovery is sustained, and will be looking to OPEC to live up to the expectations created by last week's promise that it will bold prices bring rates lower." broker Simon & Coates says in its latest market review.

by cutting output.

If oil prices and sterling do bold steady, the optimists in the market think that the authorities may seek to nudge the cash set aside for Telecom—has not persuaded everyone

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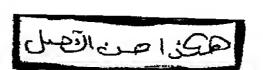
Sumitomo Trust International Limited Swiss Bank Corporation International Limited

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S.G. Warburg & Co. Ltd.

9.45 8.80 10.80 11.40 8.75 banks on Friday is likely to be the last reduction for some time	announce details of the	٠. '
PRICES AND YIELDS (%) Lest Change 1 work 4 wks tial election. —almost cetrainly the last before the November 6 presidential election.	expected to include \$6.500 of house \$83 1984	· ·
Friday on week Yield ago ago Money market rates, led by	Tanamara il a delegar fe dell'ora	
994 (new) 11.68 (new) (new) lower at the close by up to 35 (new) 11.96 (new) (now) basis points despite a partial 2.66 12.65 13.25 reversal on Thursday and	on November 8, and 850m of 30. Doing on madium-same issues four-year 11.75 per cent notes \$125m of two-year 11 per cent	
- 12.75 12.76 13.00 Friday. - 1 12.63 12.50 13.13 Bond prices stalled decis-	In the meantime the cor. in a week which saw \$3.1bn of year 12 per cent notes to yield \$150m of 30 year 12; per cent.	
Source: Salomos area (astimotes). ively. The Treasury long bond mided October 1S M-1 reae by \$1 8bn to \$547.4bn. gave up more than 1½ points	awash with new offerings and bringing the October total to a J. C. Penny, the retail group, per cent.	
to 9 In contrast, Mr Philip 11.77 per cent.	already apparent. Corporate Among the new corporate cent bonds to yield 12.42 per	
Braverman of Briggs Schaedle Even so, the market's perfor- omists, says the banking figures, which mance was still impressive given	FT/AIRD INTERNATIONAL BOND SERVICE	
on the borrowings last week of \$690m and corporate paper. The 4-	Che. on Nippen TeleTel 111, 90 700 97 +11, 11.87 Koree Elec 1 93 90 50 0 174	~
iceting past two weeks are "far from day attracted particular atten-	YEN STRACGITS tested Price wisek Yield Search Color of the Color of th	fil
metary there is as yet no definitive notes specially targeted at two not indication of the Fed's precise foreign investors which attractive ease funds objective, it is probably ted \$4bn of bids and sold at an	Vorid Sonk 7 94	40
now below the previously preseverage yield 32 basis points	STRAIGHTS Issued Price week Yield Tokei Asia 12% 51 100 575 +0" 12.95 YVO Power 1 04 10	\ :
	Sara 0/9 Fin. 98 500 213 0 11.91 General Elec. 95 112 224 0 12.70 Fil. Littly 0/S 7 94 67 223 0 35.97 LUGGR STRAIGHTS Issued Price week Vield Tokai Asis 124 97 100 974 12.50 Fil. Littly 0/S 7 94 67 223 0 35.97 LUGGR STRAIGHTS Issued Price week Vield Theiler 1.00 0 10.49 LUGGR STRAIGHTS Issued Price week Vield Theiler 1.00 0 10.49 LUGGR STRAIGHTS Issued Price week Vield Theiler 1.00 0 10.49 LUGGR STRAIGHTS Issued Price week Vield Theiler 1.00 0 10.49 LUGGR STRAIGHTS Issued Price week Vield Theiler 1.00 0 10.49 LUGGR STRAIGHTS Issued Price week Vield Theiler 1.00 0 10.49	٠.٠٠
Josepha hotton mouse	Baxter Trav. 7 91 75 225 0 43.39 Int. Bt. Rc. Co. 104.89 1 1074 0 273 Equipole 17/8 1 94 80 80 1 1074	
despite better news	Vent 18 112 90 100 992 +1 12.96	*."
that the outlook is clear-cut.	IABD 12'4 08	
ise the now much of a brake the miners' strike may put on the	1023 -03 102	
my bad 11-2- But form - Bny settlement would bave if it	Texaco Capital 13½ 89 200 103½ +0½ 12.55 Aegon lasur, 8½ 88 100 102½ +0½ 7.55 OKC Benk ½ 82 50 10½ 0 12.80 Oanmark 8½ 91 100 101½ +0½ 8.18 Int. 8½ 89 100 101½ -0½ 12½ Int. 8½ Rec. Dv. 8½ 86 150 101½ -0½ 7.82 Int. 8½ Rec. Dv. 8½ 86 150 101½ -0½ 7.82 Int. 8½ 89 100 101½ -0½ 12½ Int. 8½ 89 100 101½ I	•••
threat, the miners. There is also some caution	Chicorp U/S 14 94 150 951 +0's 10.92 lat Stand, Elso 81 89 100 103 +0's 7.84 Alcan Aust. 1 94 110 100 100 100 100 100 100 100 100 10	4
ent bor- supply. 11-0 Wigglesworth, a partner at W.	Stendard Chart. 111, 94 200 100 0 11.49 ABN 8 89	
that for the next week or so the market may face a period of	Bank of Tokyo 11% 90 100 957 10% 12.474 EEG 11% 93	٠.
how- intract- Storing intrabank consolidation before the favour- sble underlying situation re- asserts itself,	Sec. Pacific 11/2 88 100 90'2 +78'2 14.27 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Credit Cotamerc, '1.85 280 100'4 +0'3 12'4 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Credit Cotamerc, '1.85 280 100'4 +0'3 12'4 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Credit Cotamerc, '1.85 280 100'4 +0'3 12'4 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Credit Cotamerc, '1.85 280 100'4 +0'3 12'4 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Credit Cotamerc, '1.85 280 100'4 +0'3 12'4 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 700 103'2 +0'3 91.28 Int. Sk. Rc. Dv. 10'3 88 Int. Sk. Rc. Dv. Dv. 10'3 88 Int. Sk. Rc. Dv. 10'3 88 Int. Sk. Rc. Dv. 10'3 88 In	
poten- 10-0 10 10 10 10 10 10 10 10 10 10 10 10 10	Bask of Tokyo 131, 91 100 1034 +03 12.99 Cent finance 11 90 76 1024 +13 30.48 Pirelii Fin. 12 94	· ";
also cautious over immediate prospects, "I think that we to be "Overall the fundamentals bers easy the polytical for II.	I NINDOM CEG. ME. 130 PG 100 PG 1 W NINDOM CEME RD 11 S1 AN 100 D 10 SH 1 GARABANE & MA	
to be "Overall the fundamentals have seen the low point for U.S. very is support a move to lower yields rates and the dollar. The looking and, given a window in the market is also worried about	Niction 7. & T. 1372; 94 150 97 0 14.60 Nordic Inv. Bk, S 94 50 932; -2 11.76 Sumicomo 7kt, 12 14 100 1054; +04 12.49 Nordic Inv. Bk, S 94 50 932; -2 11.36 Sumicomo 7kt, 12 14 100 1054; +04 12.49 Eur. ColleSteel 8 84 60 97 +24 11.36 Demmark 1, 04 100 1054; +04 12.49 Demmark 1, 04 100 1054; +04 12.49 Demmark 1, 04 100 1054; +05 1054;	٠.
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indicated. Margin above eleof the mid-price. Amount igaued is expressed in millions of currency usits



INTERNATIONAL CAPITAL MARKETS AND COMPANIES

CORPORATE FINANCE

BT's world-wide roadshow gets underway

way, with two teams of directors and bankers heading for the U.S., Canada, Switzerland, Germany, France, and the Nether-lands as well as 18 towns across

First impressiona of international investors seem broadly favourable. The price of the issue will not be announced until November 16, but Mr

sale of over £33 on of shares in a price earnings ratio of British Telecom is being pltebed at investors well beyond the shores of Britain, and the international marketing effort will reach a crescendo in the next three weeks.

Preliminary proapectuses were filed on Friday in Washington and Canada, and on Saturday in Tokyo. The roadshows are now getting under way, with two teams of directors is period earnings for the year to next March.

For comparison, Salomon Brothers is currently projecting a yield of about 6½ per cent and a p/e of around 9 for one top Wall Street analyst on Friday, "I don't think British Telecom will be the hottest thing around but I think it will thing around, but I think it will get done."

> Kleinwort has pulled in a group of blue-blood investment kers to run the international selling effort. A syndicate of Swiss bankers led by Swiss Bank Corporation will be join-UK institutions in the stic sub-underwriting. And

Stanley, McLeod Young Weir. and Nomura Securities.

oven made to marry the difference that the company. The prospectus states that the Government does not intend to use its sharehold-world. As part of this exercise, the Bank of England has been supported to the company. the Bank of England has, in an unprecedented move, agreed to purchase any of the overseas portion of the issue which is not taken up in the foreign

offerings. According to the preliminary filings, a maximum of just over one-fifth of the issue could be sold through these foreign offer-ings, though the final figure could be lower. City speculation is that the Bank of England will put itself on the line for about

surance about the British Government's attitude to its remaining 49 per cent stake in

not interest to use its shareholding to intervene in the commercial decisions of British Telecom, and that it has promised not to sell any more shares before April, 1988. Under the legislation hich made the sale ossible, the Government cannot increase its interest in te company above 50 per cent. The Labour Party has

promised to renationalise British Telecom, but in the current political climate, that threat is not likely to loom large in the minds of British one-centh of the offer, which the most widely held shares in

350,000 or more investors-and no politician will be keen to upset that many voters. Despite all the international selling efforts, the outcome of the issue will be decided in the UK, where Kleinwort is engaged in a sales campaign which has much more in common with Madison Avenue than

the Square Male. The "Path-finder" prospectus—itself some-thing of an innovation in London—was launched last Friday in the glare of television lights, and it is confirmed that all knds of special features have been built into the offer to lure retail and institutional buyers.

The final application date is November 28, and dealings are scheduled to start on Decem-ber 3. At present, a powerful tide of support seems to be bullding up behind the offer right across the UK.

ing on into testing procedure

Richard Lambert

1984 \$ 1.84bn 106.13m 1.85 AMCA INTERNATIONAL* Industrial equipment

U.S. QUARTERLIES

350.4m 6.5m† 0.13† Op. net profits, Op. net per uher Mine months 1.08bs 9m 0.15

1984 \$ 1.95bn 40.6m 0.48 Third quester

AMERICAN HOIST Crames, lifting eqpt. 1984 military products that may be affected by an investigation go-3.4m 0.54 Revenue Net profits Net per share...

> CONSOLIDATED EDISOR Third quarter

INTERNATIONAL APPOINTMENTS

Novo boosts top management team

BY CARLA RAPOPORT

الله المحاولية في المحافظية و المحافزة في المحافظ المحاول المحافظ المحافظة المحافظة المحافظة المحافظة المحافظة ا

NOVO INDUSTRL the Danish charmaceuticals group, is aiming to boost its top manage-ment team with the appointment of Dr Niels W. Holm. 51, to the new post of chief operating officer.

Dr Holm is currently president of Danish Steelworks and a non-executive director of main mark Novo. The Danish group bas insulin, had come under much criticism appointing the product of August and then downgrading its sales forecast for 1984 just two weeks ago. Novo's shares have tumbled from a peak of £43 earlier this year to £19} Mr Mads Ovlisen, Novo's chief

technical hackground proven management experi-ence." On Friday morning. before the confirmation of Dr Holm's appointment, Mr Ovlisen spoke to more than 100 invest-ment analysts and stockbrokers

He said that two of Novo's main markets, enzymes and insulin, had proven more dis-appointing than expected in the recently for producing dis-appointing balf-year results in accepted criticism of Novo'a August and then downgrading failure to identify the structural changes in these markets earlier in the year. He said that linea of communication at Novo were being improved and the new appointment executive, said Dr Holm would strengthen the leadership of all provide Nova with a "strong the group's operating divisions.

Financing offers to Nova Park

By John Wicks in Zurich

NOVA-PARK, the loss-making Swiss hotel group, has received two "financing offers" to support reorganisation programme. The company's net indebtedness has in the past months been given as anything from "about SwFr 100m" to SwFr 214m (US\$86m).

Mr Cwraj Paul, the Londonbased board chairman, is to hold discussions with an unspecigfied independent merchant bank with great experience in corp-orate financing."

At a meeting in Zurich which had originally been plancancelled at short notice, shareholders were told that "progress had been made" but no details are yet known of recommendations made by a working party including Fldinam, the Swiss auditing company.

Nova-Pak has suffered considerable losses from some of its luxury hotel projects and is currently confronted by regis-tered claims under Swiss law of more than SwFr 70m. This means it is threatened by a dehtfunds can be created in the near

Recovery slows at Texas Instruments

BY OUR NEW YORK STAFF

TEXAS INSTRUMENTS, the reported net profits of \$85.2m in the third quarter of this year against a loss of \$110.8m In the same period last year, when the company was hit by special charges against the abandonment of its bome com-

BY JAMES BUXTON IN ROME

equipment maker, is to co-operate with Clt-Alcatel, its

French equivalent, in research in the field of digital telephone

They will work together on developing common technical

standards for the interface with the subscriber of the digital exchanges, which are already in production.

TEXAS INSTRUMENTS, the the second quarter when net in-U.S. semiconductor company, come amounted to \$35.9m or reported net profits of \$85.5m \$3.57 a share. Sales reached \$1.42bn, a 41 per cent jump over the \$1bn recorded in the same period last year, mainly because of increased semicon ductor shipments.

For the first nine months, abandonment of its bome computer business.

The earnings figure, equivalent to \$3,54 a share, compared with a \$4,64 loss last year, showed a marginal decline on \$3.28bn to \$4.23bn.

agreement covers development

of these products, though not

manufacturing. It also includes co-operation of software and

The agreement will help lay the basis of a common European

changes, and exemplifies the co-

operation hetween European companies in electronics which

standard in telephone

Mr Fred Bucy, president, said that apart from the elmination of losses on home computers, the company had achieved increased margins on its semi-conductor business in the quarter, while also benefiting from tax adjustments. These gains were reduced to some ex-tent, bowever, by currency losses caused by the strength of the dollar and testing problems on military semiconduc-

tors.
The halting of shipments on

cost the company around \$13m.

Mr Bucy added that semiconductors and military orders bad both dropped in the third quarter from the bigh levels of the previous three months, reflecting the moderating growth in the U.S. industrial production. The order backlog now stands at \$3.22bn, some \$159m lower than in the second

Air One seeks protection under bankruptcy act

BY OUR NEW YORK STAFF

AIR ONE, the U.S. airline expecting had fallen through. launched exclusively for busi- Air One, which employs 500 and has a fleet of nine Boeing ness travelers amid high bopes only 18 months ago, has filed for protection from its creditors under Chapter 11 of the Bank ruptcy Act.

The airline's decision to ground its fleet is the first serious setback for the group of new carriers launched since deregulation of the U.S. industry began io 1978. The com-pany has lost \$40m since its inception and said that a cash infusion that it had been

727s, bas filed for Chapter 11 only days after Braniff, the Dallas-based carrier, announced deep cuts in an attempt to stem losses that are threatening its future. The problems of both airlines are evidence of the pressures building up from a new round of price cutting in an industry which has consider-able over-capacity. The St Louis airline has

given no indication as yet on

its future strategy.

AVON PRODUCTS 1984 \$ 747.3m 30.3m 0.36 CHAMPION SPARK PLUG 1984 180.71a 162,000 19.4m 0.50

Former Gambro chairman turns down lesser post

BY KEVIN DONE IN STOCKHOLM

deposed two weeks ago as chief executive of Gambro, the Swedish medical equipment manufacturer, in the wake of the takeover by Sonessons, haa turned down the offer to remain with the company as deputy chairman of the board. Until the spring, Mr Althin was both chairman and group chief executive of Gambro. the fast growing maker of renal care equipment, which has

MR ANDERS ALTHIN, who was stake in the company and Mr Mans-Eric Ovin, the hard-driving executive chairman of Sonessons, took over the post. After several years of rapid sales growth and surging profits. Gambro'a profitability bad pluoged alarmingly in the first half of this year.

As a result, Sonessons, a rapidly diversifying light engi neering and pharmareuticals group, took over a majority of the votes in the company two become the world'a leading weeks ago and decided to move manufacturer of kidney dialysis in Mr Berthold Lindqnist, macbines.

He lost the chair in May after
Sonessons purchased a minority

Sonnesons' managing director, as the new Gambro chief executive to replare Mr Althin.

State wins Total struggle

BY PAUL BETTS IN PARIS

French European Community commissioner and former Gaul-list minister, was appointed on Friday as the new chairman of Compagnie Francaise des Petroles (CFP). He replaces M Rene Granier de Lilliac who reached the mandatory retirement age of 65 on Saturday.

M Francois-Xavier Ortoli, the oil group which is 25 per cent French European Community owned by the state. The company's candidate for the succession was M Lonis Beny, the current deputy chairman. While confirming M Ortoll's appointment on Friday, the poard also announced that M

Deny's executive powers as deputy chairman would be en-

M Ortoli's appointment had been at the centre of a power struggle between the French government and CFP the Total larged.

M Ortoli's appointment ls seen as part of the Socialist government's current efforts to win broader political consensus.

All of these Securities have been sold. This announcement appears as a matter of record only.

Italtel makes the UT range of ond hy the EEC Commission, exchange io a joint venture with GTE of the U.S. and the

Italtel and Cit-Alcatel in

ITALTEL, the Italian state- Italian company Telettra. Cit-owned telecommunications Alcatel produces the E10. The

digital exchange pact

3,000,000 Shares



Common Stock

MORGAN STANLEY & CO.

HAMBRECHT & QUIST

ALEX. BROWN & SONS

DILLON, READ & CO. INC. GOLDMAN, SACHS & CO.

THE FIRST BOSTON CORPORATION DONALDSON, LUFKIN & JENRETTE

BEAR, STEARNS & CO. DREXEL BURNHAM LAMBERT

E. F. HUTTON & COMPANY INC.

MORGAN GRENFELL & CO.

KIDDER, PEABODY & CO.

LAZARD FRERES & CO. PRUDENTIAL-BACHE

MONTGOMERY SECURITIES LEHMAN BROTHERS ROBERTSON, COLMAN & STEPHENS

WERTHELM & CO., INC.

DEAN WITTER REYNOLDS INC.

SALOMON BROTHERS INC COWEN & CO.

CAZENOVE INC.

ABD SECURITIES CORPORATION DAIWA SECURITIES AMERICA INC.

ATLANTIC CAPITAL

ROBERT FLEMING EUROPARTNERS SECURITIES CORPORATION

KLEINWORT, BENSON ROTHSCHILD INC.

THE NIKKO SECURITIES CO.

NOMURA SECURITIES INTERNATIONAL. INC. SWISS BANK CORPORATION INTERNATIONAL
Securities Inc.

YAMAICHI INTERNATIONAL (AMERICA), INC.

JULIUS BAER SECURITIES INC.

BANQUE DE NEUFLIZE, SCHLUMBERGER, MALLET CREDIT COMMERCIAL DE FRANCE

ALGEMENE BANK NEDERLAND N.V.

COMPAGNIE DE BANQUE ET D'INVESTISSEMENTS, CBI GRIEVESON, GRANT AND COMPANY DE ZOETE & BEVAN

HILL SAMUEL & CO. J. HENRY SCHRODER WAGG & CO.

PICTET INTERNATIONAL VEREINS-UND WESTBANK

BANQUE INDOSUEZ

October 19, 1984

NEW ISSUE

These Notes having been sold, this announcement appears as a matter of record only.



CANADIAN IMPERIAL **BANKOF COMMERCE**

(A Bank chartered under the Bank Act of Canada)

U.S. \$150,000,000

Floating Rate Deposit Notes Due 1996

Merrill Lynch Capital Markets

Amro International Limited Chase Manhattan Capital Markets Group

Commerzbank Aktiengesellschaft Credit Suisse First Boston Limited

Daiwa Europe Limited First Interstate Limited

EF Hutton & Company (Londoo) Ltd Manufacturers Hanover Limited

Mitsubishi Trust & Banking Corporation (Europe) S.A. Samuel Mnntagu & Co. Limited The Nikkn Securities Co., (Europe) Ltd.

Orion Royal Bank Limited Société Générale

Swiss Bank Corporation International Limited Westdeutsche Landesbank

Bank Brussel Lambert N.V.

CIBC Limited Crédit Lyonnais Dai-Ichi Kangyo International Limited

> Enskilda Securities Hambros Bank

IB) International Limited Mitsubishi Finance International Limited

> Mitsui Trust Bank (Europe) S.A. Morgan Stanley International

Nomura International Limited Sanwa International Limited

Sumitomn Trust International Limited Wardley Wood Guody Inc.

UK COMPANY NEWS

Burgess **Products** back to profits

Burgers Products (Holdings), Leicestershire-based acoustical and electrical engineer and manufacturer, returned to posits in the year ended July 28 1984 with a pre-tax surplus of £72,000 compared with o loss of £237,000.

Pre-tax profits included a \$1.3m (\$422,000) contribution from precision electrical and electronic components. Losses of E584,000 (£211,000) came from acoustical and other engineering products, and a 5844,000 (£448,000) loss from consumer

products.
Strong competition and diminishing market demand have adversely affected profit margins on vehicle replacement exhaust systems and consumer products. Accordingly the manufacturing and warehousing facilities has been extensively reorganised.

After tax and extraordinary charges of £1.36m (against £300,000), there was a net loss of £1.38m sgainst £534,000. Because of this oet loss there is no final dividend so an interim

6.131

27/28 Lovat Lane London EC3R SEB

Hawley's moves pave way towards U.S. quotation

Hawley Group, the service in-dustry company headed by Mr Machael Asheroft, will operate with twin headquarters when its planned establishment of a Bermuda-based parent company Bermuda-based parent company is completed later this year.
Hawiey, which surprised the City at the beginning of this month, with the announcement of its Bermuda move, yesterday dispatched details to share-holders in 9 60-page document which also covered its planned purchase of the 43.5 per cent of Electro-Protective, a New Jersey security group, which Howley

does not already own. The moves are designed to smooth the way towards a U.S. listing for Hawley shares. They also reflect the group's growing presence in the U.S., where it has a large contract cleaning operation and a lawn care sub-sidiary as well as Electro-

Protective.
Hawley's London office will continue to oversee UK home improvement, cleaning and travel interests, but the "international of the 43.5 per cent of operational headquarters" of the changed oo Friday st 83p, has rotective, a New Jersey Bermuda pareot will be in the group, which Howley U.S. Hawley has already set up the Bermuda news.

John Danneherg and Mr David Bates, are based there. Mr Ashcroft said be expected

to spend an increasing proportion of his time in the U.S. Hawley's image in the City has not been helped by its teodeocy to spring surprises, nor by the speed of its growth and the heavy share issues which have financed it. Bot its share price, un-

TR Industrial assets increase

8.3 4.6 10.0 7.0 6.4 11.6 2.9 7.4 3.4 2.8 3.5 8.1 12.0 8.9 15.7 13.3 5.7 0.8

Net asset value at TR The oet interim dividend has Industrial and General Trust beeo lifted from 1.1p to 1.2p. overseas assets amount to 56 increased from 178.8p at the end of last March to 186.8p at the end of September 1984. For the comparable six months the figure came to 157.7p. The directors forecast an increased final of 2.15p (2.05p), which will raise the total from 2.15p to 3.35p. First balf earnings per share are abown as rising from 1.53p to 1.93p.

Net asset value at TR The oet interim dividend has beeo lifted from 1.1p to 1.2p. Overseas assets amount to 56 per cent (55 per cent) with 27 per cent in Japan and 21 per cent in the U.S. Total assets stood at more than \$420m\$. Unquoted and other investments with restricted marketability amount to 14 per cent of the portfolio.



Republic of Indonesia

U.S.\$75,000,000 Floating Rate Notes Due 1990

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period 29th October, 1984 to 29th April, 1985 has been fixed at 10% per cent per annum and that the coupon amount payable on Coupon No. 5 will be US 5537153.

> البثك السعودى لعالمى المحدود Saudi International Bank AL-BANK AL-SAUDI AL-ALAMI LIMITED

 $\pmb{ZETTERS\,GROUP}_{\scriptscriptstyle PLC}$

Extracts from the Statement of the Chairman, Mr. Paul Zetter C.B.E.

Pools: As from 17th November, 1984 we are increasing the minimum stake on our Treble Chance Pool. We confidently expect that this will result in higher payments to winners and an increase in turnover. At the same time we shall be re-introducing a free "LUCKY NUMBERS" competition on to our coupon which will give the chance to win a large cash prize.

Bingo: We are close to maximising the potential in existing Bingo clubs, so growth must come from expansion. Two new clubs have been acquired this

year and others are still being sought. Also we now have our own Gaming Machine Operating Company. This is already proving to be a successful and

FINANCIAL TIMES STOCK INDICES

Year ended

£26.18m

£1.31m

Bank of Tokyo (Curação) Holding N.V. USSEO,000,000 GUARANTEED FLOATING RATE NOTES DUE 1989

Granville & Co. Limited

Over-the-Counter Market



Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by

The Bank of Tokyo, Ltd. (Kabushiki Kaisha Tokyo Ginko)

In accordance with the provisions of the Agency Agreement between Bank of Tokyo (Curaçeo) Holding N.V., The Bank of Tokyo, Ltd., and Citibank, N.A., dated October 23, 1979, notice is hereby given that the Rate of Interest has been fixed et 10%e% p.e. and that the interest payable on the relevant Interest Program Program Interest Interest Program Interest Inte the interest payable on the relevant interest Payment Date, January 29, 1985 against Coupon No. 21 will be US\$130.17.

EARNINGS PER SHARE UP 11%

Group turnover£26.20m

Profit before taxation £1.39m

Earnings per share 10.02p

Today's Rate 11/4%

3i Term Deposits

Terms (years) 3 4 5 6 7 8 9 10

Toterest % 11¼ 11¼ 11¼ 11¼ 11¼ 11¼ 11¼ 11¼

From 6th April 1985, interest will be paid after deduction of tast at the composite rate to UK resident individuals on deposits of less than 1,50,000. Deposits on and further information from the Treasurer, levistors in lectustry Group pic, 91 Waterjoo Road, London 581 8329 (01-928 7822 Ext. 2367.) Cheenes physible to "Bank of England, s/c Investors in Industry Group pic."

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years, Interest paid half-yearly. Rates for deposits received not later than 2.11.84 are fixed for the

profitable addition to the Group.

By: Citibank, N.A. (CSSI Dept). Agent Bank

U.S.\$30,000,000



Grupo Industrial Saltillo S.A. Floating Rate Notes due 1988

In accordance with the provisions of the Notes notice is hereby given that for the six months interest period from 29th October 1984 to 29th April 1985 the Notes will tarry an interest rate of 11th per annum. The relevant interest Payment Date will be 29th April 1985 and the interest then payable against Coupon No. 7 will be U\$\$2,812.15 per U\$\$50,000 Note and U\$\$281.22 per U\$\$5,000 Note.

29th October 1984

By: Citicorp International Bank Limited Agent Bank

. CITIBANCO

Surge in betting profit aids Northern Goldsmiths result

division at Northern Goldsmiths satisfactory because the divisi division at Northern Goldsmiths satisfactory because the division were more than offset by a has been operating from the surge in profits from £157,000 to the number of retail outlet £375,000 in bookmaking and compared with 1983. They als finance for the six months to the end of August 1984. Pre-tax are bissed towards the second profits jumped from £30,000 to half.

£120,000 on turnover increased As already announced the number £75 to the £15 I in following interior dividend has been lifted.

The jewellery division is a Earnings per 25p little behind hudget because first half are show sales have been depressed by from 0.86p to 2.05p.

from 17.5m to \$16.11m following interim dividend has been liftd from 1.85p to 2p. In the last fr The two acquisitions are expected to contribute significantly to second half-profits.

Unlike the industry as a whole, as a result of cost cutting and expansion the directors say the betting division has more than the say that further increases will be the considered after the Christmas trading period. trading period.

Earnings per 25p share for the first half are shown as rising

> He states that the overall loss for the period was a result of high unrecoverable UK costs from the loss at the Saudi Arabian associate, and the cost

> of seeking out and developing alternative overseas markets to

supplement the Saudi operation. The chairman adds that redun-dancy and other costs resulting

Stanley Miller in loss but recovery expected

SEVERAL factors have caused a construction having increased its 1609,000 turnround to pre-tax contribution.

10sses of £303,000 at Stanley
Miller Holdings, building contractor and civil engineer, for the first six months of 1984. The interim dividend has been drablan association to contribution.

He states the for the period from the local from the loca

Mr N. R. Bell, chairman, says however that the company has a relatively strong cash position and the UK order book is at and the CK offer hook is at record levels. He believes that in the second half the company will return to profit, although it is unlikely to cover the first half

He explains that UK activities were profitable during the six Turnover at halfv mooths, the main business of to £9.34m (£8.28m)

R. P. Martin

East presence

R. P. Martin, UK money broker, is to take a 10 per cent stake in a Japanese broker, Kobayashi, at a cost of £784,000.

The deal is the latest of several alliances formed by brokers to exploit the liberalisa-

tion and rapid growth of the yen markets, Robayashi is a medium-sized firm which em-

ploys about 45 people based in

The deal includes a co-operation agreement between the two companies which is intended to

cement a closer relationship in-cluding an exchange of staff. Mr

Simon Wright, an executive of Martin, is to join the Kobayashi Martin, which is already linked

raises Far

from steps taken to reduce UK overheads were other factors while there were very disappointing results from the group's private housing activity. Turnover at halfway amounted Pennine pays

£4m for U.S.

clothes group Pennine Resources, an oil and pennine Resources, an ou and gas exploration company, has reached agreement to acquire butchmaid Inc., a U.S. group manufacturing, distributing and direct selling ladies and children's clothing.

The purchase price is \$4.4m (£3.6m). Of that amount \$1.25m is payable in cash on completion of the deal and the balance is payable over six years free of

payable over six years are: on interest.

The deferred element of the payment \'il be settled by '72 equal monthly payments of \$22,500 and a payment at the end of the sixth year of \$1.53m. In addition a non-competition committancy...agreement provides. for the payment by Dutchmaid German broker, has been keen instalments on the first and for some time to strengtheo its second anniversary of the acquisition.

BOARD M

The following compenies have notified dress of board meetings to the Stock Euchangs. Such meetings are usually held for the purposes of considering dividends. Official indications are not available to whather the dividends are intering or finale and the subdivisions shown below are based mainly on last year's timetable.

presence in the Far East.

IDDAY
Interims:—Avena, Caes, El Oro
Mining and Exploration, Exgloration
Co., Plamation and General investments, Viking Resources Trust, C. and
W. Walker. TODAY

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Finala:—Allied London Pro Anvil Petroleum. Floyd Oil P. tions. Manganese Gronze. FUTURE DATES	perties, articipa-
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Walker and Staff	Nov 14 Nov 22 Nov 7
Bridport-Gundry	Nov 5

RECENT ISSUES

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PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Appendments has wear"

	17 COMP	And the property of the same o
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	TOTALINI 230	
Bank of	lateria CA	
IrelandNov 15	Interim 5.6	LWT Nov TO Final 6.582
BasaDec 6	Finel 8,43	Land
SessettNov 28	Interim 1.05	SepuritiesNov 14 , Interim 2.302
Baazer (C.C.)Nov 8	Final 6.0	*Luces Inde Nov 12 Final C.0
Beecham	Interim 4.6	*MEPCNov 28 Final 6.0
Boots Nov 24	Interior 2.0	Metel Box Nov 22. Inverim 6.81
Brawn		PauleDec 1 Interim 2.5
(Metthew)Doc 5	Fine 5.82	Pegler
Brown		Hecterologic Dec 7. Interior 5.0
ShipleyNov 17	Interim 3.5	Plikington Dec 12 Interim: 5.0
Surnett end		Polly Peck Dec. 2 Interim 12.0
HallamshireNov 24	Interior 4.0	Powell Dullryn Nov 24 Interim 5.0
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WirelessNov 28	Interior 2.4	"Reed Internt! Oct 30 Interim 5.0
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Charter Cons Hoy 29	Interim 3.75	ScotlandDec 1 Finel 4.4
ChlorideNov 23	Interim nil	Suinsbury (J.) Nov 8: Interim 2.4
ChubbNov 8	Interim 1.96	Scape
CosliteDec B	Interim 1.67	*600 Group Nov 28 Interim 2,34
Dawson IntNov 29	Interim 2.2	SketchleyNov 16 Interim 3.8
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Industriel Nov 7	Interim 1.3	ValorNov 10 Interim 1.074
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Who pioneered

The manufacturing and marketing of domestic double glazing in the UK was largely pioneered by Weatherseal Windows who remain a foremost manufacturer and innovator in the field.

Weatherseal is just one of the well known names in the London and Northern Group. Others equally famous in their fields include Pauling, established in overseas civil engineering for over 100 years; Blackwell/Tractor Shovels the leading UK heavy earthmoving operators; Edenhall the UK's biggest producer of concrete facing bricks,

Steel Stockholders of Mossend, Lanarkshire, the largest steel profiler in the UK and possibly Europe, and now, United Medical Enterprises, a major force in world healthcare services.

Send for the latest Report and Accounts to find out more about London and Northern, a Group with £227m turnover in 1983, which has increased or maintained its dividend for nineteen years-every year but one since going public in 1963. London and Northern Group PLC, Essex Hall, Essex Street, London WC2R 3JD. Tel: 01-836 9261.

LONDON AND NORTHERN 參

Confident Weeks set to 'flourish and expand'

THE THREE remaining companies at Weeks Associates have have been included in the interimal produced pre-tax losses of a cc ound is—Bit extraordinary f288,638, against profits of filedim charge has been made f100,313, for the 28 weeks to August 12 1984. Mr Wilfred Trailers. "No further provisions have that the final outcome for the necessary," says Mr Airey. that the final outcome for the year will justify his optimism for the future of the group.

At the trading level first half At the trading level first half profits rose from £118.112 to £204,623 from which interest charges took £115,020 (£120,948) and the trading loss of Weeks Trailers amounted to £359,235 (profits £103,149). Last mount a receiver was called in to this iss-making subsidiary.

Profits from continuing com-panies amounted to £89,603 (losses £2,636). Turnover from these companies came to £4.41m (£3.22m)—from Weeks Trailers it was £1.36m (£2.56m).

Mr Airey says that each of the three remaining companies has growth prospects. He believes that Weeks Associates will flourish free from the constraints of involvement in the highly competitive and cyclical agricultural trailers market." straints of involvement in the highly competitive and cyclical agricultural trailers market."

He says that the accelerating Trailers' losses were an "insupportable drain" on the group's cantily higher. The increase in activity was generally scross the whole division with the new products and the neways branches after the half-year end and up

There is again no internal divi-dend—policy will be decided at the year end. In the last full year a single payment of 0.49 was paid. First-half losses per abare were shown as 1.6p (earn-ings last)

ings 1p).
Attributable losses emerged at \$1.33m (profits £100,313).
In his statement in the last annual report Mr Airsy referred to the uncertainties feeing. Wooks Trailers both overseas and in the UK.

During the period turnsver in the engineering division increased by \$8.5 per cent largely due to the adatantial expert contract won by MEMH towards the end of that year and to a further increase in the sale of Tongs "Curstaker" equipment

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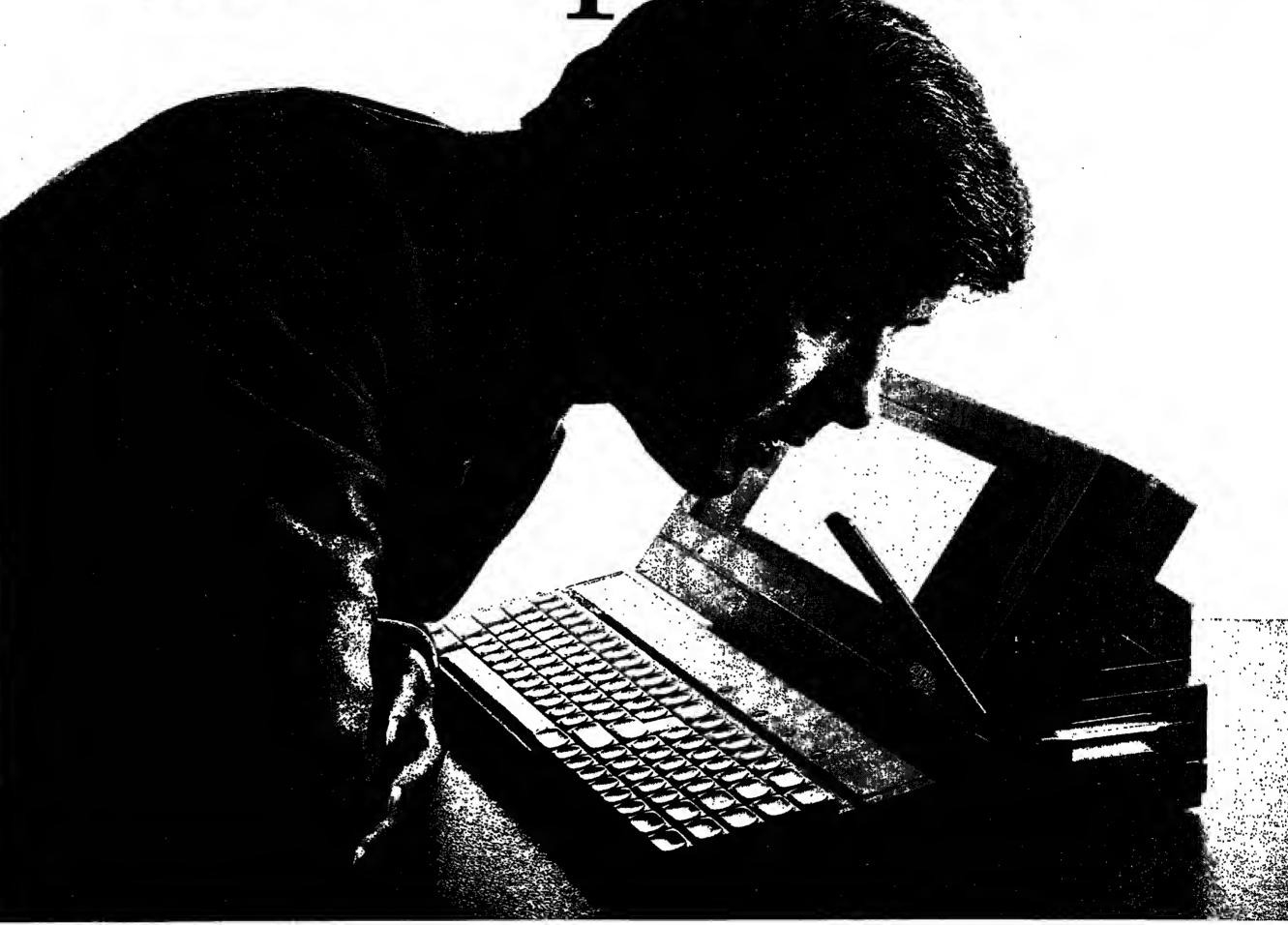
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cleverly mixed on screen and explains everything you haven't gathered already.

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, October 26

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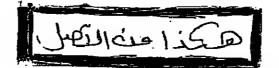
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£2.3m hospital work for Fairclough

The Yorkshire Regional Health Authority has awarded FAIR-CLOUGH BUILDING'S eastern divisien at Leeds a £2.3m con-tract for a hospital building et Bradford's Ruyal Infirmary, The contract is for the construction of a two/three storey nucleus building linked to the main hospital and conteining multi and single-bed wards, four operating theatres and treatment rooms. The nucleus block will be constructed using e reinforced-concrete frame, brick-clad walla end e pitched tile roof on steel trusses. Internal partitioning and finishes are included in the contract together with the installation of mechanical and elec-trical services. The building is due for handing over in the aummer of 1986. Feirclough Building is part of AMEC, the international construction and

engineering group.

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WARINGS (CONTRACTORS) bas
wan contracts worth £8m. Work
includes the construction of Shildon in e £281,000 contract
Townsend Thoresen's new £2m

Viking House headmarkers at

Alteration work to a school at Townsend Thoresen's new 22m
Viking House headquarters et
Rudmure, Portsmouth. It is a
five-storey office development and completion is scheduled for the end of next year, A fim con-tinental ferry terminal building beaton, has contracts worth ls being built for Portsmouth E350,000. A factory unit with City Council and a start will be office and services will be built made at the beginning of next at Halifax for £70,000 and an

CONSTRUCTION CONTRACTS

Monk busy with £31m orders

MONK has been awarded a variety of contracts in both building and civil engineering work valued at over £31m. The largest is the construction of 2.5m of two-lane motorway end 1.1m of of side roads between Draffan and Wellburn at a cost of £6.16m for the Strathclyde Regional Council. At York, e contract for 5m of single carriageway including six roundebout junctions, two pedestrian underpasses and two bridges is being undertaken for North Yorkshire CC at e value of £4.71m. la the construction of 2.5m of two-lane motorway end 1.1m of of side roads between Draffan and Wellburn at a cost of £6.16m for the Strathclyde Regional Council. At York, e contract for 5m of single carrlageway including six roundebout junctions, two T-junctions, two pedesirian underpasses and two bridges is being undertaken for North Yorkshire CC at evalue of £4.71m.

Other roedworks include two contracts (worth £5.76m) placed by Dyfed CC for _____ main the following to the precast floors and external wor, \$\frac{5}{2}\$ include access roads, car parks, hardstandings, fencing, land-

month on e £2.8m project for extension of offices and factory, commonwealth Holiday Inns of together with bardstanding at Canada to provide edditional bedroom accommodation and leisure areas et the Holiday Inn, Slough Marcon Defence Systems bas placed a £1.2m design and build Kirklees Library undertaken for \$150,000 and Taylor Woodrow Group. contract for a laboratory/office block in Portsmouth, a shopping development et Guildford and a business centre et Chichester.

Contracts worth £3m bave been awarded to LONDON AND NORTHERN GROUP companies. NORTHERN GROUP companies. Wilsons (North East) has been awarded three contracts for Sedgefield District Council valued et £1.27m. At Fishhurn, County Durham, it will carry out two phases of revitalisation work on \$3 dwellings in a contract worth £740,016. Other work involves the revitalisation of 18 flats and the renewal of floors et Newton Aycliffe, County Durham, G. W. Lazenby and Co will huild

Alteration work to a school at Gilesgate, Durham, has been undertaken for Durham County Council for £138,000, John Crossland, based at Cleck-

room will be constructed et Wakefield for £150,000 and extensions and refurbishment to Kirklees Library undertaken for

dele District Council to re-vitalise 50 bouses at Salterbeck, Workington, and a £78,889 contract to up-grade buildings at Whitebayen to provide com-munity training facilities for West Cumbrie Health Authority.

Specialist plasterers, JONA-THAN JAMES, of Rainham, Essex, has won one of its blggest ever contracts for work at the International Conference Centre, London, SWI. The £1.2m worth of work involves fitting out and plasterwork in five conference plasterwork in five conference rooms and an euditorium at the centre. The contract, due for completion next September, bas been placed by Bovis Construction, management contractor on the overall project for the Property Services Agency. Jonathan James will fabricate, supply and instal metal suspension systems for acquaitedly. sion systems for acoustically-insulated cellings and wall

catriage and slde roads for the A484 et Llavelli and the A477 trunk road between Ferry Lane and Benges-The Department of the En-vironment and the Property Ser-vices Agency, acting for British Telecom, have given Monk e contract valued at £1.2m for the construction of e steel framed telephone engineering centre and motor transport workshop at Buckley in Clwyd. ton. Pert of the M50 from

The management contracting division has received a contract from the City of Manchester for the reconstruction of the international arrivals are at Man-chester International Airport. Valued at £5.28m, it includes extensions and improvements to the baggage recleim aree, customa bell and arrival lounge.

paners Anese areas will be covered mainly with fibrous plaster work and elther painted or sprayed with acouatic plaster. Jonathan James is part of the Taylor Woodrow Group.

Four housing contracts in the south of England together worth figure been ewarded contracts worth £832,000. In Cumbria, Border Engineering will carry out e £149,043 contract for Allerdele District Council to reduce the first of the figure for the first of the first bungalows and flats under a £2.6m contract for Crawley Borough Council. Completion is due in September 1985. At Lower Buckland, Lymington, a fl.1m contract is being under-taken for New Forest District Council, comprising construction of 67 semi-detached and terraced 3 or 4 bedroomed terraced 3 or 4 bedroomed bouses and bungalows of traditional construction. Completion is scheduled for June 1985, Nearby, at New Milton, Mowlern is undertaking e second contract for the same client, valued at 5450,000. Mowlern is to build 27 houses and hungalows together with 24 flats in two blocks, with completion in March 1985, A mixed development of 50 homes, partly flats and partly two-storey houses, is being undertaken, at houses, is being undertaken, at Roffey, near Horsham, Valued at £870,000, it is for Horsham District Council, Completion is scheduled for June 1985.

APPOINTMENTS

Mr Patrick Swann has been appointed a director of IDC CONSULTANTS and Mr John Wingfield has been appointed a director of IDC.

Ms Sazama Hammond and Mr John Sazama Hammond and Mr John Sazama Hammond and Mr John Land Bull bave been promoted to be joint deputy managing director for the directors of HILL AND KNOWLTON (UK). Ms Hammond has been a board member and head

Data General

Europe, Africa and the Middle East.

deputy managing director (finance and administration) and will have responsibility for both **New directors at IDC**

Mr Mike Gibson has been appointed general manager, Personal Loans Division, at UNITED DOMINIONS TRUST, the finance house division of the

Mr Stuart Garner, managing director of Protech Loternational (UK) since 1971, is joining OCEANEERING INTER-NATIONAL SERVICES as execu-

director tive chairman. Mr L. Amoroso manager of International opera-tions, will serve as acting managing director pending the appointment of Mr Garner's successor.

> Mr Stuart Walsh is to be Mr Stnart Walsh is to be appointed as managing director of MSA (MANAGEMENT SCIENCE AMERICA) with responsibility for managing all sales, marketing, support and administrative departments in thet UK. Mr Walsh joined the company in 1978 and was appointed a director in 1983.

International Marketing Opportunity

PARIS

International Appointments

DATA GENERAL is one of the world's leading minicomputer manufacturers an innovative organisation with a consistent and dramatic record of success. Worldwide, there ere over 17.000 people contributing to this success and, at our European Headquarters in Pans, the Marketing Division is devising, co-ordinating and implementing marketing programmes and strategies for all of

This team of marketing professionals is growing rapidly and we are currently seeking to recruit en INDUSTRIAL AUTOMATION MARKETING SPECIALIST within our Technical Products Division.

Industrial Automation means the application and integration of CAD, CAE, CAM end real-time systems. This position has responsibility for ensuring their marketing programmes are in place to maintain Data General's position as a leading computer supplier in this rapidly expanding market - applicants should therefore have a thorough understanding of these concepts and a minimum of five years' related experience.

As well as working closely with all of the European subsidiaries, you will also have contact with the Corporate Technical Products Marketing Division in Westboro, Massachusetts.

Candidates should possess a scientific degree or equivalent and a business studies qualification would be advantageous. Excellent communication skills, both oral and written, are essential - in English and preferably another language (French end Germen would be ideal). In eddition, you will also need to demonstrate negotiating skills together with a combination of business acumen

If you would like to be considered for this challenging position, please send your C.V. end salary details to Gina Richards, Data General Europe, Tour Manhettan - 5/6, Place de l'Ins

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FINANCE There is a vacancy for ona increre to teach, research and publish in the field of corporate financial management/financial market theory. Committed young graduates in accounting and finance, in economics or in management Ecienca, and with time arraical/eraching everyth. management Ecienca, and with some practical/teaching experience are encouraged to apply. A professionally qualified accountant with a strong research interest is also required. The accounting and finance group is led by Professor Stewart Hodges, and is part of the School of Industrial and Business Studes. It provides a wide ranga of opportunities for pure and applied research. The appointments will be made on the lecturer scale £7,190. £14,125 pa. Good career prospects exist for those of high intellectual calibre. Starting dates are negotiable.

dates are negotiable. Cases are registrates. Further details from The Registres. Unusrate of Warmed, Coverny CV4 74L to whom application (including the passes of three reference) should be sent by 26th November 1994 quoting Reterence No. 13. A. fey M. Contracts and Tenders

SYRIAN ARAB REPUBLIC

PUBLIC ESTABLISHMENT OF ELECTRICITY FINANCAL DIRECTORATE -EXTERNAL CONTRACT SECTION

Following our advertisement of the call of Tender No. 1540 for the extension of Bahias thermal power station by the addition of 2 x 160 MW units which is mentioned in the daily Official Bulletin No. 4777 dated 2nd May, 1984.

The closing date for presenting the offer is extended until Saturday, 12th January, 1985.

The General Director of Pee-Eng. R. Idriss

Company Notices

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WORLD STOCK MARKETS

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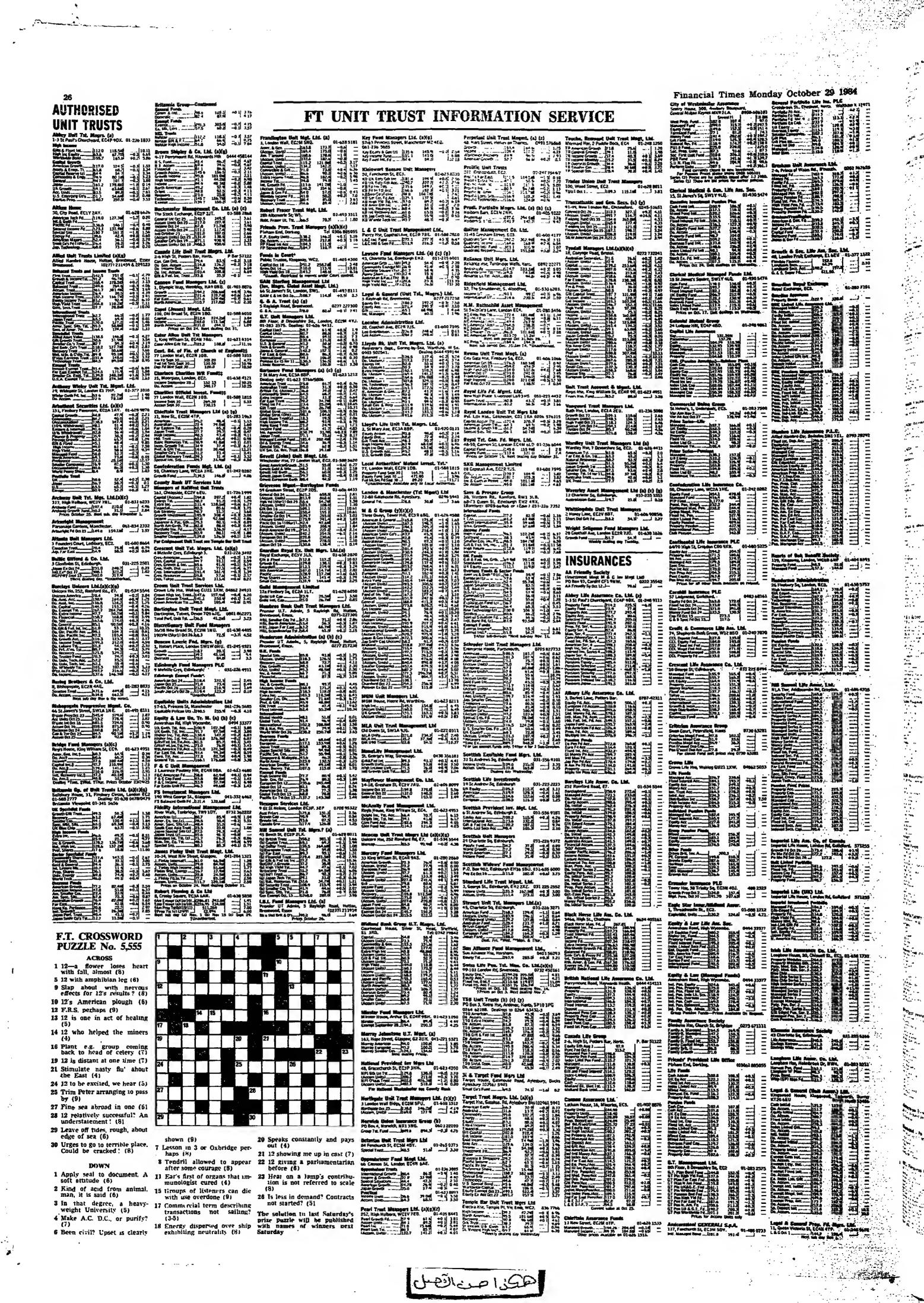


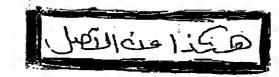
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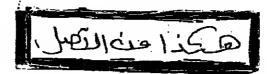
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Financial Times Monday October 29 1984

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Nov. May Turner & New. £1. 94 14.5 †1.0 6.1 1.511.4 Feb. Ang UKO Intl. 95 18.6 5.0 4.5 3.5 Unigroup 15p 20 10 10 10 10 10 10 10 10 10 10 10 10 10	Nov July Debyth Pack SQn 136 46 2.54 45 2.64 97 April East Lapers, Ppr 72 26.11 47.25 3.1 47.2 July Eucly Junts 450 14.5 4.9 4.1 May Nov Perry Pick 100 82 1.10 2.7 6 4.7 Oct May Pick 6 Co. 100 300 17.9 14.62 2.1 2.25 Jan July Server Scion 139 4.6 4.3 10. Oct May Good Relations 100 269 3.9 14.287 2.0 1.61 Hoger 10 Bowers 50 44 1.0 1.0 1.0 Hoger 10 Bowers 50 44 1.0 1.0 Hoger 10 Bowers 50 44 1.0 1.0 Hoger 10 Bowers 50 44 1.0 Hoger 10	Jan July Particular 110 133 2.5 4.31.3.2	May Oct R Pacific Racks 2548 5.18 22.0 0.9 1.1 Dec. June R Prop. Inv. 72. 133 4.5 1.1 1.4 Dec. June R R Cecknology 84 14.5 1.1 1.4 Feb. Sep 31 R Trustees Corpn. 138 30.7 3.4 1.0 4.1 Mar. Oct. Femple Ear 99 12.8 94.25 1.0 6.3 April How Thros. Growth 256 256 256 Do. Cap. C. 256 256 256 Do. Cap. C. 256 256 256 256 Do. Warrants 297 16.7 6.5 0.8 4.9 Do. Warrants 62 256 256 256 Do. Warrants 62 256 Do. Warrants 6	Rubbers Palm Di	miess otherwise indicated, prices and net dividents are in pence and commissions are 25p. Estimated procééarnings ratios and covers are need un latest aroual reports and accounts and, where possible, are related un half-yearly floures. Price are calculated or "rott distribution and set, carrieding for sture being compared on profit after toxording and welleved ACT where applicable; tracketed figures lenkeste 10 per not or more difference in calculation of "nit" distribution. Covers are total or "maximum" distribution; tris compared group difference in actual per of the floores has abunding allowed by "maximum" distribution. The compared group difference in a calculation of an are based by modific price. I will be a based by modific price. I would be provided from the price of the control of differentiable ACT of 30 per cent and allow for value of destand stribution and rights. "Tap Stock" - Highs and Lows marked thus have been adjected to allow for rights.
135 17.9 5.25 2.2 3.5 9.9 Jan. Oct. Vision 154 13.8 13.8 13.8 1.8 Feb. Oct. Vision 159 13.8 2.8 11.8 1.8 Jan ManyWate Potts, 109 80 30.4 12.2 10. 3.8 May Bechwaiter How. 59 12 1179 0.5 0 6.2 0 May Dechwaiter How. 59 12 1179 0.5 0 6.2 0 Apr. Oct. Watshard's 35 14.5 1032-9 27 4.6 9.4 Feb. Aug. Watson R. K. 10p 132 16.7 0.4 22 2.5 3.0 9.4 Feb. Aug. Watson R. K. 10p 132 16.7 0.4 22 2.5 3.0 9.4 Feb. Aug. Watson R. K. 10p 132 16.7 0.4 22 2.5 3.0 9.4 Feb. Aug. Watson R. K. 10p 132 16.7 0.4 22 2.5 3.0 9.4 Feb. Aug. Watson R. K. 10p 132 16.7 0.4 22 2.5 3.0 9.4 Feb. Aug. Watson R. K. 10p 132 16.7 0.4 22 2.5 3.0 9.4 Feb. Aug. Watson R. K. 10p 132 16.7 0.4 23 2.5 3.0 9.4 Feb. Aug. Watson R. K. 10p 132 16.7 0.4 23 2.5 3.0 9.4 Feb. Aug. Watson R. K. 10p 132 16.7 0.4 23 2.5 3.0 9.4 Feb. Aug. Watson R. K. 10p 132 16.7 0.4 23 2.5 3.0 9.4 Feb. Aug. Watson R. K. 10p 132 16.7 0.4 23 2.5 3.0 9.4 Feb. Aug. Watson R. K. 10p 132 16.7 0.4 23 2.5 3.0 9.4 Feb. Aug. Watson R. K. 10p 132 16.7 0.4 23 2.5 3.0 9.4	Hy Aug Nov FJWT 5p Inc 90.10 229-845 031.44 3.3 3.3 3.3 3.3 3.4 3.3 3.3 3.4 3.4	Mar Seen Do. Lope Cum Pri 125 13.8 10.50 11.4 11.4 13.8	Mar NorTor, Imest, Inc. 176 17.9 11.54 1.1 9.4 Mar Mor Do. Cap. 253 17.9 11.54 0.6 Feb. May Trace, Occanic. 196 9.4 Apr. Aug. Tripterest Inc. 50p. 188 16.7 May Tripterest Inc. 50p. 188 16.7 May Tripterest Inc. 50p. 186 16.7 May Norton 18.7 18.8 18.1 May Dec Viking Resources 84 4.0 10 18 1.1 Aug. Mar. Winterbotton 5p. 98 18.6 90.7 12 1.0 Aug. Sept Yeoman 18.2 24.5 20.0 9.7 12 1.0 Aug. Sept Yeoman 18.2 24.5 25.5 1.0 2.8 Aug. Sept Yeoman 18.2 24.5 25.5 1.0 2.8 Aug. Sept Yeoman 18.2 24.5 30.7 1.2 1.0 Aug. Sept Yeoman 18.2 24.5 30.7 18.2 1.0 Aug. Sept Yeoman 18.2 1.0 4.8 Aug	July Rowe Evens Inv. 10p	issues for Cash, interior since increased or resumed, interior since increased or resurred, interior since reduced, passed or deferred. Tas-free to non-residents on application. Figures or report awaited. Net officially UK listed; dealings permitted under Role 535(41(a), USM; not listed or Stock Exchange and company not subjected to some degree of regulation, as itsus securities.
Mar. Sept Wests. Gold 10p., 213 26.7 6.0 2.4 5-331.1 Jan Augstreft's Group 1st., 66 2.7 5.1.2 11.9 9.0 May Oct Whatenan R. Augel, 340 1.10 77.8 5.8 1.318.0 Feb. Just Withstroft	May (*Peters Michael) 590m(15.10) 2.0 \$\phi\$ 1.5		Principles Stack Price at Bet C'eria's P/E Abbingworth 10p	MINES Central Rand Aug. Feb.[Durben Dept R] SER-[b20] _	Price at time of suspension. Indicated dividend after pending scrip and/or rights issuer cover relates to previous dividend or forecast. Merger has 'n everyastication in progress. Merger has 'n everyastication in progress. Same interint: reduced final and/or reduced earnings indicated. Ferecast dividend; cover or armings updated by latest laterian cases and cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend. Cover does not allow for shares which may also rank for dividend at, a future date. No P/E ratio usually provided. No per value. Fr. Belclan Francs. Fr. French Francs. 65 Yelds based on assumption.
SchWidney 109	PROPERTY Jan. July Abaco Inv. 14 - 0.11 • 1.1 •	Dec. June Aberdeen Trust 158 [145] 14.6 1.0 4.4	Feb. July Akroyd Smithers 345 14.5 \$16.5 1.9 6.8 8.6 Amalyamated F. Ims. 159.2 1013.0 3.3 6.1 5.1 July No. Sec Com Prf Cl. 75 72.11 05% 6.7 6.7 July July Argyle Trust 26 26.3 0.5 1.8 2.823.2 December Authority Inv. 20p. 100 1275 6.9 0.5 1.8 2.823.2 July Borusband 10p. 122 1.10 4.4 1.7 7.716.7 August Barrle Ia 6 Fin 23-a. 122 8 8 - 7.716.7 25.9 July Borusband 10p. 15 5/85 - 0.7 4.9 July Borusband 10p. 17 5 5/8	Situmer & Jack RO.02. 250 676	rescury Bill Rate stays unchanged until maternty of stock, a Tax free. Figures biased or prospectus or other offer estimate, c Cents. Dividend rate paid or psychole or part of capital, cours based on widend or full capital. A Redemption yield, Effect yield, 9 Assumed widend and yield. It Assumed divigend and yield after sorth issue. Psyment from capical sources, & Kenyra, its interim higher than reviews total. A Rights issue pending, y Earnises based on preliminary strees, S owleded and yield excluse a special psyment. I ballead on language arms of the street of the street of the street of the reviews to which a service of the street of the street of the street of the street of the street of the street of the street of the street of the street of the street of the private arms of the street of the street of the street of the psychological and yield based on receiver terms. I obvidend and yield the street of the street of the street of the street of the Orbidend and yield based on receiver terms. I obvidend and yield
Fe Ma. Au Holdicarrine 6 Alexandre 1	May Nor. Briston Eyes 59	Dec. Juny American Trial 184	Du. 9pc/Viol 95-02 - E105 2.7	May Nov. Kinross R1	Lower case. As allow for service which may also rank for dividend at a future table. No PPE ratio issuinty provided. Fig. per value. Fig. per value of prospectus or structure of stock. A Tax free. Fig. per value of prospectus or structure of stock. Fig. per value of person of person of the per of capital, court beset on vidend on full capital. A Redemption yield. Fig. per value of person of person of the period of the
Jan, July Cee, Accisent 478 (14.5 19.0) - 9.9 - 19.0 Jun, May S.R.E - 608 14.5 22.3 5.5 Blay June Harborn L. Fre Sp . 3990 (19.10 12.8 5.7 - 19.0 June July Joseph (C.E.) 200 468 5.5 17.0 2.6 3.3 0.0 June July General 475 13.8 6.75 18 4.81 6.9 June July General 475 17.9 18.5 5.5 - 5.7 Blow July July July July July July July July	Jan Ocid2a, & Counties 203 14.6 4.7 L8 3.320	7 Dec. Jame Margo Intr ASS	Chibber Framington Grp. 75 17.9 9.9 4.7 1.717.5 Jan	Feb. Aug. Devoor 25c. 809 2.7 G175 3.3 10.7 Feb. Aug. Devoftstaal R0.20 S27 2.7 G175 3.0 7.4 Sept. Sep	REGIONAL & IRISH STOCKS the following is a selection of Regional and Irish stocks, the latter being quoted to Irish currency. Barry Inv 20p
Jan. July Gre. Accident 478 14-3 17-3 23-3 5-5 18-8 May Represent West 200 4 48 5.6 17-0 2.6 3-3 10-0 0ct. May 1-4-1 18-50 4-1 18-50	Dec. June Charechet'ry Est. 653 3.9 0.58 0.8 1.3 -8 1.3 -8 1.5	7 Apr. Sept. Sert. Arr. & Get. 187 13.8 14.1 14.0 14.1 14.0 14.1 14.0 14.1 14.0 14.1 14.0 14.1 14.0 14.1 14.0 14.1 14.0 14.1 14.1	Hory & Sine 0.1p. 58 18.0 2.0 2.1 4.913.8	Mar. Sept. Mar Sept. Mar Sept.	0PTIONS — 3-month call rates
Jun. July Sun Alliance. 375 144.5 (\$14.4.0 - 5.4 - 4.5 (\$15.5 (\$1.4.5 (\$15.5 (\$1.5 (New JusteDarie Estatis 10p Apr Octicionnol Hidgs 10p	Compared to the compared to	May Bartic la & Fin 12-9 12-9	Junt. Dec. Pres. Brand Stoc. 228-14.5 0350c	Hee of Fraser
Tan Surfa R N Hire 10s 13 18.6 0.1 9.7 1.1 9.7	7 June and Target Prop 100 1772 1772 1775 1775 1775 1775 1775 1775	5 Cytic Ferbod II 240 24	May Sept Paramber 100 42 14.5 10.95 1.7 3.423 9 May Non, Park Place Inv. 100 124 1.10 4.75 0.8 5.5(18.6) May Oct Sinermines 21.0 137 14.5 10000 2.7 3.0117.9 May Oct Sinermines 21.0 137 14.5 10000 2.7 3.0117.9 March Oct Smoth Bros 91 4.5 05.0 4.3 7.8 3.4 September Out Camp & Irch 500 117 30.7 51.25 1.8 1.551.8 Mar Del Westpool Inv 66 17.7 1.38 1.0 3.146.7	Feb. Aug Anginani Soc 527 2.7 23156 \$ 5.8 \$ 1 3 3 3 3 3 3 3 3 3	roum (J.) 5 Marts & Spor 26 Midland Bk 36 Mis written Ord 22 Midland Bk 36 Mis Brist Oil & Mis Brist Oil & Mis Brist Oil & Mis Brist Oil & Mis West Bk 60 Brist Petroleum 35 Dertaukt 12 P & O Drid 25 Berman 80 127 Peleshams 24 Plessey 20 Charterhall 9 Premier 6 Mis Brist Oil & Mis Brist Oil & Mis Berman 80 127 Premier 6 Mis Brist Oil & Mis Brist Oil & Mis Brist Oil & Mis Brist Oil & Mis Dertaul & Oil & Mis Brist Oil & Mis Dertaul & Oil & Oil & Mis Dertaul & Oil
Feb. June	May Nov. Scent Mr. P. 1.10; 75 0 4 0.1 4 2.7 6 1.8	A Apr. Apr	New May-Fyorkgreen 10p	Aug. Feb. Middle Wit 25c	Aug. 170 71 22 22 23 24 24 24 24 24
Jan	Jan	April Dergram 1	Stamul Fids 20p 18	Rips. May/Angle-Am law 50c 6A3 14.5 05900 1.0 6.8 Agr. Oct De Beers Di Sc. 3990 17.10 0490 3.6 51 Jan. Aug. De 40cc Pl. RS 725 2.7 0.700c x 1.3 6.0 Agr. Oct Drapial Plat. 20c 511 3.9 0.1350 1.7 6.0 Rov. Marly Jetenburg 17-5c 757 17.10 050c 6.4 May SeptRos. Plat. 10c 749 13.8 0.00c 1.8 4.0	"Recent Issues" and "Rights" Page 16 his service is available to every Company dealt in on Stock achanges throughout the United Kingdom for a fee of £700 per amount for each security.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Fear of another false dawn

another false dawn.

THE DOLLAR lost ground on the fureign exchanges last week, woodering how long at will be the fureign exchanges last week, woodering how long at will be weekly Mi money supply and but sterling performed better. Lower U.S. interest rates and waters. the contioual threat of interveo-tion by the German Bundesbaok fideoce in the dollar st present, were the major factors depress as U.S. economic expansion ing the dollar and at one time appears to slow and New York the U.S. currency tested the interest retes decline. No one lower side of the DM 3.00 level. will be really convinced the

Dealers feared a selling order dollar is set on a genuine downfor dollars on Thursday could be ward path uotil the trend is
traced to the German central much more firmly established
bank and a certain amount of
panic set in, pushing the U.S. move is followed by a period of
currency down to DM 2.9950. If short covering amid talk of yet was the Bundesbank the scale of intervention was very small,

of intervention was very small, but was certainly enough to create the desired effect and led one major bank to comment upon "the Bundesbank's masterly timing."

The market was not ready to see the dollar so low however, and it soon returned above

On the following day a rise of o.4 per cent in September consumer prices compared favour, ship with the August increase of 0.5 per cent.

Towards the eod of the week the market was becoming more nervous following the Fed intervention on Thursday, a higher

POUND	SPOT-FORWARD	AGAINST	PC	UN
	Davis.		%	Thre

	D≡y'e			/-	inrea	76
Oct 26	spread	Close	One month		months.	p.a.
u.s.	1.2150-1.2240	1.2210-1.2220	0.10-0.07c pm	0.83	0.10-0.06 pm	
Canada	7.8050-1.6090	1,6080-1.6090	0.11-0.25c dis	-1.57	0.44-0.57dis	-1.26
Nethind.		4.18 4-4.194	17e-11-c pm	4.83	43-43 am	4.36
Selalum	74.61-75.10	74.85-74.95	per-5 dis	-0.40	4-13 dis	-9.45
Denmark		10.3812-13.3917	zore pm-4 dis		21_31 dia	-0.93
Iretand	1.6762-1.2019	1.1998-7.2008	0.13-0.29p die	-2.10	0 05-0.89dia	-2.57
W. Ger.	3.684 8.774	3.70-3.71	17-17-01 pm		412-41e pm	4 66
	197.70-199.70	197.70-199.10	160-495c dis			-18.70
Partugel		208.00-208.20	30-60c dis		130-185 dis	-8.03
Opein	207.50-208.20	2,3034-2,3042	8-11lire dis		28-32 dis	-5.21
italy	2,291-2,304-2				57-67e dis	-2.37
Norway	10.72-10.76	10.73-10.14	1's-2'sore dis		3-75 dis	-0.35
Frence	11.33-11.4212	11.4011.41-2	%c pm-4 dis			-2.25
Rebews	10.52-10.55%	10.54-10.55	14-27-ore dis		512-6% dis	
Japan	2984-300 ¹ 2	299 ¹ 2 300 ¹ 2	1.19-1.07y pm		0.22-3.07 pm	
Austria	25.90-25.05	25.99-26.04	81 _e -10ro pm		20 ³ 6-17 pm	2.87
Switz.	3.021-3.044	3,034-3.044	1%-14c pm	0.92	412-372 pm	5.26
		las assumable	trance. Finenci	al tranc	75 60-75 75.	
	ResSign Late in	INT CONVOCUDIO	-D. 15c dis. 12-m	anch DS	S.O. TOr die	
	Siv. MARTH JARN	ara aanst 0.10	HJ. 13C 018. 14°M	DII LII V.3	370. FOR UID.	

OTHER CURRENCIES

			1	2
Oct. 86	2	5])	Note Rates
iran Riai	1.4370.1.4395 0.009-3.114 7.1105-7.7290 140.88.153.00 8.5389.0.5500 118.30- 0.30075-0.36728 74.85-74.05 8.0230.2.0380 8.4960.2.5010 4.3435-4.3505 8.5380.8.6440 2.1018.2.1998	1.1705.1.1800 8.534.2.547 6.2370.3250 122.18.135.20 7.8170.7.8200 82.50° 0.3006.0.5006 0.90.02.00 8.3030.2.4050 8.0445.2.0475 3.5500.3.5806 2.1015.8.1830 1.8050.1.8085	Austria Belgium Jenmark France Germany Italy Japan Notherlands Norway Spain Switzerlend United States Yugoslavia	75,05-15,80 13,28-13,40 11,30-11,48 5,08-3,11 280-2310 281-302 4,10-4,20 10,68-10,78 102-810 204-2141,4 10,47-10,58 3,014-3,044 1,21-1,23
		* Selling rate.		

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	emounts sgainet Ecu October 26	% change from central rate	% change edjusted for divorgence	Divergence limit %
Belgien Franc	44,9008	45,0472	+0.33	+0.54	±1,5428
Ognish Krons	E.14104	8.05517	-1.07	-0.84	±1.6421
German Q-Merk	2.24184	2 22934	-0.56	-0,36	±1.1463
French France	6.87456	6.84202	-9.47	-0.26	<u>++</u> 1.3659
Outch Gullder	2.52595	2.51492	-0.44	-0.23	<u>+1.5165</u>
Irleh Punt	0.72569		-0.49	-0.28	+1.6671
Itatian Ure	1403.49	1384.88	-1,38	-1.33	<u></u> 4,0511
Снапова	are for	Ecu, therefore	positive c	hange denotes	

weak currency. Adjustment calculated by Financial Times.

of Salomon Brothers about higher interest rates.

If the market now finds the Federal funds target range is nearer 10 per cent than 9 per cent it will be disappointed, leading to weakness in both the

London was displaying a little of this uncertainty on Friday, when interbank rates armed slightly, but overall the situation eceme to have improved, helped by the recovery of sterling on On the following day a rise of the foreign exchanges.

:	Oe'	20	Prev. close
	New York rat	es	
,	4.00 pm	75.1	75.2
•	3.00 om	75.1	75.0
	2.00 pm	73.I	75.1
t	1.00 pm	75.0	73.1
1	Noon	75.0	75.2
i		75.0	74.9
	10.00 am	75.0	74.9
	9.00 am	75.0	74.9
	8.30 am		
		Oct 26	Previous
	(Bank o	f Engl	and)
		VDEX	

	FORWARD	RATES	AGAII	NST S	TERLIN	IG.
		8pgt	1 month	3 month	6 month	12 menth
ilar Mork			1.2207 3.6885	1.2207	1.2228 3.6341	1.2278 3.5473
nch	Franc	11.41 3.0425	11.4124 3.0268	11.4215 3.0024	11.4737	11.5502 2.8880

BANK OF ENGLAND TREASURY BILL TENDER

	Oct 20	Oct 10	: .	Oct. 20	Oct 10
Bills on oller Total of applications	£100m £408.40	£100m	Top Accopted rate of discount.	0.8671%	10.816g
Total allocated Minimum accepted bid	£100m	£100m	Average yield	0.8771%	10.0820
Allotment et minimum level		103	at next tender	£100m	£100m

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Det 26	Day's spread	Closo	One month	p.s.	Three	p.2.
UKT	1.2150-1.2240	1.2210-1.2220	9.10-0.07c pm	0.83	0.10-0.06 pt	n 0.26
Irelandt	1.0170-1.0225	1.0125-1.0195	0.28-0.23c pm	3.00	0.75-0.85 pr	2.75
Canada	1.3148-1.3178	1.3170-1.3175	0.23-0.28c dis	-2.23	0.77-0.82dis	-24
Nethind.	0.4150-3.4330	3.4320-3.4330	1,15-1.12c pro		3.51-2.48 pr	
Belgium	61.13-61.40	01.30-81.40	5-6c dis		10-13 dle	-0.75
Oenmark.	10.94-10.97	10.951-10.9614	1-Tore dis	-0.82	24-24 dis	-0.91
W. Ger.	3.0210-3.0510	3.0270-3.0280	1.11-1.06pl pm	4 29	3.22-3.27 pr	n 4.34
Portugal	1624-7634	7524-7634	160-400c dis		400-1150ds	-19.05
Spain	169.85-170.40	170.00-170,40	40-50c dis		125-145 die	-3.11
Irely	1,880-1,886	1,885-1,888	8.90-5.30lira dis	-0.64	25.0-25.75ds	-0.62
Norway	S.781-8.80	8.784-8.784	2.20-2.70ore dis	-3.34	5.90-8.40dis	-2.80
Frence	5.27-9.36	9.32 - 9.33 -	0.40-0.60c dis		1.40-1.80dis	
Sweden	B. 613-8.64	8.63-8.63	1.35-1.65ore dis		4.10-4.60dls	
Јервп	244.90-245.75	245.70-245.80	0.78-0.74y pm		2.46-2.41 pr	
Austrie	21.15-21.35	21,30-21,35	6-4 gro pm		141-121 pr	
Switz.	2-4800-2,5000	2.4866-2.4875	1.10-1.04c pm		3.10-3.04 pr	
† UK	and Iraland	re queted in U	S, currency. F	orwerd .	premiume s	nd

discounts apply to the U.S. dellar and not to the individual currency.

Betglan rate is for convertible franc. Financial franc 01.90-62.00.

CURRENCY RATES CURRENCYMOVEMENTS

Oct 20	England	Morgen Gueranty Changes	Oct. 00	rte	Special -rawing Rights	Europea Currenc Unit
Sterling	75.1 141.2 00.0	-15.2 +27.8 -3.4	U.S. S Canadian S.			D.73546 0.96801
Austrian schilling Bolgian franc Danish Kroner	111.7 88.8 70.8	+5.5 -10.0 -0.8	Belgian Fr. Benish Kr Omark	117	01.1282 10.8115	15,0874 45,0412 8,05517 8,02034
Deutscho mark Swiss frant Guilder	101,0 141.0 111.4	+e.6 +10.5 +3.4	Fronch Fr	014 1014	3,41124 8.28435 1877.30	8,51492 0,84202 1384,88
Frens h franc Ura Yon	64,8 46,7 100,4	-18.2 -14.5 +12.2	Horwigh Kr., Spanish Pts.	54	8.7010B 169.038	180,446 0,46288 125,170
Morgan Guarenty 1980-1962-100, Ber			Owedish Kr. Swiss Fr Greek Orch Irish Punt	2012	0.48280 123,742	0,35000 1,82910 81,3005
(hana average 197			* C*/EAR			

EXCHANGE CROSS RATES

Oat 26	Pound String	U.S. Dollar	Doutsche n	n'k J'panesa Yon	FrenchFrano	Swiss Franc	Daten Gund	Hallan Lira	Canada Dolla	Balgian Fra
Pound Starling U.S. Dollar	0.619	1,228	3.705 e,028	300.0 040.4	11.41 9.000	3,043 2,467	4,188 5.435	2304. 1886,	1,609 1,017	74,90 e1,35
Deutschemark	0,270	0.330	1.	80.97	e.0e0	0.891	1,130	681.9	0,434	20.28
Japanese Yen 1,000	3,363	4.012	12.36	1000.	e8.03	10.14	13,96	7660,	0,300	249.7
French Franc 10	0.876	1.071	3.847	802.0	10.	8.667	5.870	2010.	1.410	65,64
Swies Franc	0.829	0.401	1.218	98.80	3.700	1.	1,370	707.3	0.580	84,02
Outsh Guilder Itelian Lira 1,000	0.239 0.434	0.282 0.530	D.865 1.008	71,64 130,2	B.725 4.95B	0.727	1.817	660.2 1000,	0.384 0.098	17,89 32,51
Ganadian Dollar	0.62R	0.109	8.305	188.S	7,094	1.892	0,603	1432.	2,148	46,57
Belgian Franc 100	1.335	1.631	4,947	400.0	10,28	4.008	5,581	3078.		100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

0 ct. 08	Sterling	U.S. Dollar	Canadian Dollar	Outch Guilder	Owise Franc	D-mark	French Franc	Italian Lira	Gony.	Fin.	Yon	Danish Krone
Short term	105: 104 103: 104 103: 105: 105: 105:	0; 0; 0; 8; 8; 8; 8; 8; 8; 8; 10; 10; 10; 10; 10; 10; 11; 11; 11; 11	1856-1856 1246-1235 1115-1134 1156-1115 1156-1115	54-014 014-514 64-514 6-613 014-64	46-56 14-56 459-434 016-516 016-516 418-516	54 0H 04 04 04 05 51: 0H 04 57 01: 54	1056-1034 1012-1034 1059-1056 1078-1118 1138-1134 18-1214	10 4-164 1456-1036 154-1534 1049-1576 1518-1576 1534-1618	11-114 114-1134 114-1134 114-1134 114-1134	11 114 107g-114 107g-114 107g-114 11-114 11-114	64-57 64-67 64-67 64-64 64-64	105g-111g 105g-111g 105g-111g 111g-115g 111g-10 113g-19

Asian \$ (closing rates in Olngapore): Short-term 97%-97% per cent; seven days 97%-97% per cent; one month 97%-97% per cent; three months 10%-10% per cent; sie months 10%-10% per cent; one year 101%-11% per cent; sie months 10%-10% per cent; one year 1212% per cent; sone years 121-12% per cent; sone years years years years others two days notice.

MONEY MARKETS -

London reacts to lower U.S. rates

Sentiment improved on the reinforced by Tuesday's London money market last week, announcement of a 4.3 per cent with longer term rates showing fall in September durable goods London money market last week, with longer term rates showing the greatest downward move. This was generally the result of events in the U.S., where the Federal funds rate traded consistently below 10 per cent. Conditions were rather confused in New York. The Federal Reserve made little effort to restrain the felt in the Federal funds rete fall in the Federal funds rete at the beginning of the week, but the situation was distorted by the end of reporting period for banks, culminating in a fall to fi per cent in the rete on Wed-nesday. This was make-up day for the banks, and there was little significance in this very

little significance in this very low figure.

More important was the drain-ing of funds from the banking system by the U.S. suthorities on Thursday. This was the first time the Federal Reserve bad intervened in such a way oo the first day of a reporting period since February.

since February.

It merely steadled the market, leaving the Federal funds rate at 9; per ceut, and tending to confirm market supicions that the official target level is around 9-9; per cent. Not long ago the target level was up to 11 per cent, but since then there have been signs of a slow down in been signs of a slow down in U.S. economic growth. This was

FT LONDON

INTERBAN	K FIXING
(11,00 a.m. Octob	
bid 10 1/8	offer 10 f/4

offer 10 11/18 bld 109/16 The Sainty retes are the arithmetic means, rounded to the nearest encestate on the filter retes for \$10m quoted by the market to ave relatence banks at 11 em oach working day. The banks are Neilonof Westminsrer Bank. Bank of Tokyo. Deutscha Bank. Sanque Nationata da Parle and Morgan Gueranty Trust.

B months U.S. dollars

reinforced by Tuesday's announcement of a 4.3 per cent fall in September durable goods orders, against expectations of an unchanged figure.

Sterling benefited from the weaker dollar, but also recovered some of the ground lost the previous week against other major currencies. The oil price situation was confusing, but on below the pound in favour of cuts in proposed strike by pit deputies, has been removed.

With the energy situation retes declining the pound has at the downward slide in prices in the first place. Talks least managed to chruggle back out of the spotlight.

Tuesday's balance favoured the pound. The miners' leaders have not pro-

MONEY RATES

Oct. 26	Frankfurt	Parts	Zuriok	Amet'dem	Tokyo	Milen	Brussels	Dubilo
Overnight. One month Five months. Firse months. Six months. om bard. mtervention	5.80-5.90 0.80-5.80 6.00-6.10 5.00-6.10 0.0	10% 10% 10% 10% 10% 10% 10% 10% 10% 10%	34-14 412-514 514-534	01g-05g 6-1q-61q 01g-61q	6,34370 6,26180 8,34376	1676-1714 1654-1718 1718-1714	18.00 1075-1116 1076-1116	12% 10% 13% 13 13-16% 10%-13% 12%-15%

LONDON	MONE	RATE	s	DI	scount	Houses	Deposi	t and	Bill	Rates
Oct. 25 1984	Sterling Certificate 01 deposit			Company Deposits	Market Deposits	Treasury (8uy)	Treasury (Self)	Eligible Bank (Buy)	Bank (Sell)	
Overnight		94·18	101q-1034 101q-105a	84-11	84-104	=	=	Ξ	Ξ	1 =

Oct. 25 1984	Certificate 01 deposit	Interbenk	Authority	Company Deposits	Market Deposits	Treasury (8uy)	Treasury (Se)i)	Bank (Buy)	Sank (Sell)	Trade (Buy)
Overnight	10% 10% 10% 10% 10% 10% 10% 10% 10% 10%	94:18 	101q-1034 101q-105g 1056 1078 1078 1078 1079 1019	814-11 	812-1014 — 1019 1016 1018 10 —	10% 10% 10%	1014	10M 10A 10A 9H 9H	1044 1045 1045 945 945	11 104 104 107
	II anal Auth	Local	Filtranea	\$ Co-1	20D		MONEY	DAT		

	Local Auth. negotiable bonds	Local Authority Doposits		\$ Cert of Deposits	BDR Linked Deposits	EGU Linked Deposits
One menth	11-103, 11-104, 105: 104, 107: 105: 107: 105:	107g 1114 1114 1114	1012 1056 1056 1076 1075 1055	8.45 8.75 9.76 9.85 9.8-10.0 10.4-19.5 19.3-70.4 10.5-10.7	856-87a 814 813 813 914 916 816 916 916	0 to 9 to 10

ECGO Fixed Rate Export Finance Scheme IV: Average Rets of Interest period
September 5 to Uctober 2 1984 [Inclusive]: 10 904 per cent. Local authorities and
inence houses eaven days' notice, others seven days' fixed. Finance Houses
Besa Rate (published by the Finance Houses Association): 11 per cont from
October 1 1984 London and Scottish Clearing Bank Rates for landing 10th per
cent. London Veposit Katea for sums at seven days' notice 7½.7½ per cent
Treasury Bills: Avarage tender rates of discount 19,0620 per cont. Certificates of
Tas Deposit (Series B): Deposit £100,000 and over held under one month 10's per
cent; que-three months 10% por cent; three-sie months 10% per cent; six-nine
months 104 per cent; nine-12 months 104 per cent. Under £100,009 104 per cent
from October 29. Coposits hald under Series 8 1012 per cont. The roles for all deposits withdrawn for cash 7 per cont.
BII DEDOEITS MITHOLISMII INI CREIL 1 DRI CRIIT

MONEY RATES NEW YORK (4 pm) Prime rete Brokor loan rate Fed funde No Fed intervention Treasury Bills

8.85 9.32 9.54 8.67 Treasury Bonds 100¹⁷12 101¹⁷12 99¹11 103¹2 101¹³12 108¹4 108¹4

STERLING EXCHANGE RATE | LONDON Close High Law Prev 112.90 112.95 112.60 112.95 113.00 — 713.05 — 103.60 Oec 112.90 112.95 112.60 1

March 113.00 — 7

June — 1

Est, volume 148 (254)

Pravious day's open int. 731 (813) U.S. TREASURY BONDS 8", \$100.000 32nds of 100"; e 7.687 (4.285) Close High 69-24 70-65 69-62 ame 1,595 (1,204) int. 0,903 (9,929) 69-22 THREE-MONTH STERLING Close High 39.75 89.85 89.75 29.84 89.53 89.60 89.32 89.60 CHICAGO U.S. TREASURY BONDS (CBT) Est. volume 1,637 (1,529) £50,000 32nds of 100% STERLING £25,000 5 per £ CERT. DEPOSIT (IMM) SIM pol Dec 89.73 89.81 89.7 March 89.29 88.27 89.2 June 88.89 88.96 88. THREE-MONTH EURODOLLAR 51m points of 100% Closs High Low 0.3312 0.3327 0.3307 0.3350 Prev 0.3340 0.3376 0.3716 Est. volume 309 (131) WFr 125,000 Sa per Swfr

LONDON	Oct. 20	chenos		Oct. 20	ohange
Base rates	10l ₂	Unch 'd	Prime rates	12-125	14
7 day interbank	:10-2	711	Fedoral funds	014	- Le
3mth Interbank	10-4		3 Mth. Treasury Bills		+D.26
Treasury Bill Tandor	0.B771				-0.07
	104	Unch d	8 Mth. CD	0.85	-0.10
Band 2 Bills Band 3 Bills	110%	Hines 'd	FRANKFURT	1	
3 Mth. Tressury Bills		-39	Lambard	0.60	Unch'e
1 Mth. Bank Bills	i105	1+4	Die Min. Interbank	5.85	Unch' d
3 Mth. Bank Bille	034	-#	Three month	6,05	Unch'd
TOKYD	;	;	PARIS	i.,	
One month Bills	0.28100	[+0.2257]	Intervention Rate Dne Mth. Interbank	11 10-k	Ducy .
Three month Bills	6.34375	-Unch'd	Three month	101	-3
BRUCSELS	:				
Dne month	121		MILAN One month	174	Unch'd
Three month	11			176	Unch'd
AMSTERDAM	•		DUBLIN	,	
One month	514			1H7a	+ 20
Three month	6,6	-rts		134	-3-
	,-	: "		-	i

BASLE STOCK

Forward trading extended to nine months The Basle Stock Exchange has today (Monday, 29 October, 1984) extended the contract terms for forward transactions, making it possible to trade shares as much as nine months forward.

From this date, forward transactions may be contracted for payment and delivery on a fixed cycle of settlement days, on each quarter, falling in January, April, July and October.

It will still be possible to trade securities forward for settlement at the end of the current month, the next month or the month after that. The maximum possible contract life for a forward transaction will be nine months but, depending on the month in which the deal is made, the maximum length will vary between seven and nine months. Today's "contango" trading will be adapted to fit the same settlement cycles. The longer forward transactions will follow the same procedures as the current one-to-three-month trades.

Further information may be obtained from any of the banks with Stock Exchange licence which are listed here:

AMRO BANK AND FINANCE Tet. 061 23 32 00 RANCA DELLA EVIZZERA ITALIANA Tal. 067 25 75 75

BANK CIAL (SWITZERLAND) CREDIT INDUSTRIEL D'ALL ET DE LORRAINE Tel, 061 25 80 33.

BANK HEUSSER & CD. LTD. Tel. 061 65 01 11 BANK ROHNER LTO. Tel. 061 22 72 72

BANQUE CANTONALE DE BALE Tel. 061 25 80 80 BANQUE HYPOTHECAIRE DE BALE CAMPAGNE Tal. 061 22 15 55

BANQUE NATIONALE DE PARIS Tel. 061 22 58 00 CREDIT SUISSE

CO-OPERATIVE CENTRAL BANK LTD... Tel, 061 23 84 00 OREYFUS SONS & CO. LTD.

EHINGER & CO. LTD. BANK E. GUTZWILLER'S. CIE, BANKERS Tal. 061 23 86 33 LA ROCHE & CO., BANKERS

Tef. 081 22 15 00 A. BARASIN & CIE. BANKERS Tel. 051 23 00 65 SWISS BANK CORPORATION Tel, 061 20 20 20 SWISS DEPOSIT & CREDITBANK SWIES VOLKSBANK Tel. 061 29 80 80 UNION BANK OF SWITZERLAND Tel, 081 55 33 33

At 30th September

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CHAMBER OF THE BASLE STOCK EXCHANGE STOCK EXCHANGES INTELLIGENCE LITO. P.O. Box 244/CH-4001 Basle, Switzerland

Tel: 061/25 11 50 Telex: 62524



Transvaal Consolidated Land and Exploration Company, Limited

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

PROFIT STATEMENT, BALANCE SHEET AND FINAL DIVIDEND DECLARATION FOR THE YEAR ENDED 30TH SEPTEMBER, 1984

The audited consolidated results of the company and its subsidiaries for the year ended 30th September, 1984 are given below, together with the results for the preceding year: INCOME STATEMENTS BALANCE SHEETS Year ended 30th September

	1984	1983	Chaoge
	R000's	RODO's	%
Turnover	547 837	496 496	+ 10
	-		
Consolidated operating		446.00	
profit	120 044	135 855	– 12
Taxation	45 430	64 055	29
-Normal	26 501	12 987	+104
—Deferred	18 929	51 068	- 63
Consolidated operating			
profit after taxation	74 614	71 800	+ 4
Dividend income	21 635	26 733	- 19
Consolidated profit after			
taxation	96 249	98 533	– 2
Attributable to:			
-Outside shareholders in			
suboldizries	14 764	15 871	- 7
-Shareholders in TCL	g1 485	82 662	- 1
Dividande per chere	280e	280c	
Dividends per share			-
—Interim	75c	75c	1
-Final	205e	205c	1
No. of shares on which			-
earnings are based (000's)	11 211	10 566	
Earnings per share	727e	782c	
Effect of changes in tax-		782c	
ation (Note 1)	25€		
Effect of currency losses			
on loans (Note 2)	Se		
Comparable earnings per			
share	761e	782c	
Dividend cover	2.69	2.79	
Notes:			

1. Taxation

The increase from 48.2% to 50% in the rete of taxation reduced profits attributable to ordinary sharebolders of TCL by R2 846 000.

2. Foreign Exchange Exposure At 30th September a loan of \$6 294 000 in a subsidiary company had been fully covered against exchange rate fluctuations by entering into forward exchange contracts and the losses had been fully provided for at

Source of capital
Share capital and recerves
Loterest of outside shareholders
in subsidiaries 389 940 426 892 61 346 488 741 451 286 Long48mm loans and liabilitiee Deferred taxation 212 742 855 852 775 294 Employment of capital
Fixed assets Investments
Current assets 156 639 124 226 Stores and stocks 34 517 Debtors 81 920 1 028 154 929 508 172 302 154 214 19 951 12 033 152 331 142 181 -775 294 Deferred taxation—not included in the income state-

Following the increase in the rate of taxation, an additional deferred taxation liability of R17 192 000 arises in respect of prior years. The charge attributable to ordinary shareholders of TCL amounts to R13 143 000.

after allowing for National Shareholders.

Final Dividend No. 90
A final dividend of 205 cents has been declared.

Annual Financial Statements
The company's annual financial statements will be posted in the second half of November, 1984.

D. T. Watt (Chairman)

C. Knobbs

Johannesburg Johannesburg

DECLARATION OF DIVIDEND NO. 90

NOTICE IS HEREBY GIVEN that Dividend No. 90 of 206 cents per share has been declared in South African currency, as a final dividend in respect of the year ended 30th September, 1984, payable to members registered in the books of the company at the close of business on 30th November, 1984 and to persons presenting the appropriate coupoo (No. 91) detached from a share warrant to bearer. The dividend on a share warrant to bearer will be paid in terms of a further notice to be published by the company's London Secretaries on 7th December, 1984. The register of members will be closed from 1st 10 9th December, 1984, inclusive, and dividend warrants will be posted on or about 7th January, 1985.

Registered Office: 15th Floor, 63 Fox Street Johannesburg 2001 (P.O. Box 62370, Marshalltown 2107)

Secretaries in the United Kingdom; 40 Holborn Viaduct

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment by the United Kingdom Registrars, Transfer and Paying Agents will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 1 December, 1984 on which foreign currency dealings are transacted.

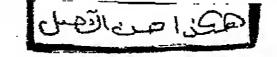
are transacted.

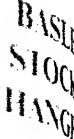
Where applicable, South African non-resident shareholders' tax of 15% will be deducted from the dividend.

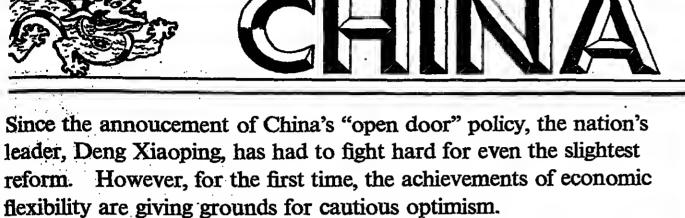
The full conditions of payment of this dividend may be inspected at or obtained from the offices of the company in Johannesburg or in the United Kingdom. By order of the board -

RAND MINES (MINING & SERVICES) LIMITED

United Kingdom Registrars, Transfer and Paying Agents:
Hill Samuel Registrars Limited
6 Greencoat Place, London SWIP 1PL 26th October, 1984







More flesh on skeleton of change

BY ALAIN CASS, ASIA EDITOR

after all, is not impressive.
The grandiose folly of the Great Leap Forward, the frenzy of the Cultural Revolution, tha

his political demise in 1978 to become China's new leader revert it dogma? Provert it dogma? Finally duce even the slightest reform. He has had to fight a party where personal and political interests, a feudal tradition so used to finally demonstrated each make the province of the prov deeply entrenched as to make almost it insurfmountable, and sheer apathy are so ingrained that the notion of success seems

Then there is the sheer size and diversity of the country. The resentment felt, for example, in a deeply traditional province suche as Yunnan in the distant south-west to change imposed from Peking is so strong as to be palpable. Party secretaries who see their position threatened by reforms which take away their power ever people's lives, an army which fears that devolution will reference and dismissed as little more than propaganda by jaundiced China-watchers. Even the party itself admits that its standing with most Chinese citizens as well as at its lowest ebb since Liberation in 1949.

Youngsters who drag foreigners off the streets of China's big cities for a few minutes snatched conversation

who wish to enrich themselves have all conspired to make Deng's joh an Olympian task.

Beyond all this there is the fact that Deng is 80 years old.

His lieutenants, Prime Minister

of the Cultural Revolution, tha excesses of the Gang of Four and, more recently, the bitter infighting which has accompanied attempts to impose the new liberal economic policies to measure up to his political suggest a country profoundly at odds with itself.

Since rising from the ashes of his political demise in 1978 to hecome China's new leader to revert to renophobia and rabid dogma? Finally there is the problem

of accurately gauging what is really happening in China, Chinese officials have been so used to concealing the truth from the prying eyes both of the outside world and from the majority of their own people that what may appear as

THE temptation to be cynical loosen its grip over the country seem disillusioned, cynical and about the possibility of real and old-timers who see no change, let alone lasting reform, reason why the rigours of the in China is almost irresistible. long March should pave way the record of the past 35 years, for a horde of venal foreigners who seem disillusioned, cynical and weary. An opinion poll about government policies in the street of Shanghai would probable the possibility of real and old-timers who see no government policies in the street of Shanghai would probable the possibility of real and old-timers who see no government policies in the street of Shanghai would probable the possibility of real and old-timers who see no government policies in the street of Shanghai would probable the possibility of real and old-timers who see no government policies in the street of Shanghai would probable the possibility of real and old-timers who see no government policies in the street of Shanghai would probable the possibility of real and old-timers who see no government policies in the street of Shanghai would probable the possibility of real and old-timers who see no government policies in the street of Shanghai would probable the possibility of real and old-timers who see no government policies in the street of Shanghai would probable the possibility of real and old-timers who seem distillusioned, cynical and weary. An opinion policies in the street of Shanghai would probable the policies of the p ably have produced the highest percentage of "Don't Knows"

cares " than anywhere else outside the Soviet bloc, until quite recently.

But things may, at last, be changing. How profound that change is likely to be and how lasting only time will tell. But the evidence of the past five and, more particularly, the past two years suggests that something akin to an irresistible where which abolished the commune in the countryside where thing akin to an irresistible force is on the move. It is called

Over the past five years Deng has pushed through a series of major reforms which, taken together, form the most determined attempt to bring about fundamental change in China since Mao Tse-Tung led the revolution in the late Forties.

They range over the entire gamut of domestic political, economic and foreign affairs.

Of these the most far-reaching and the ones which touch most people's lives, are the economic reforms aimed at attracting foreign investment, liberating China's idle productive forces and streamlining a bureaucracy where apathy and entrenched interests have systematically blocked progress The measures announced at

of the party held in October were, at least on paper, more far-reaching than anything yet attempted in the communist world. They included policies to frea centrally-set prices for industry, slashing with the attendant

mune in the countryside, where 80 per cent of China's 1bn people live and work, and intro-ducing a strong measure of the

free market. Taken together they amount to an attempt by Deng and his followers to smash what the Chinese aprly call "The Iron Rice Bowl," a system where everybody is assured of a living wage and a roof over their heads regardless of how much effort they put into their job. It is an attempt, never before successful, to merge communism and Market forces. If it succeeds, Deng will have made an historic change.

In the past year or so a number of factory managers who were either inefficient or corrupt have been fired. Some

CONTINUED ON PAGE 3



In this survey

Economy: Deng Xiaoping's hand has been strengthened by tangible results from the policy of economic Politics: Consolidating on the suc-

cess of a pragmatic approach. Crime: Deterrent posters return

Hong Kong: The future of a capitalist enclave within a com-Foreign Policy: Exercising a more vigorous role in world affairs

Energy: Efforts to cut waste and meet shortages

Industrial Reform: Reorganisation intended in the search for more freedom and profits Page 5

Business Guide: Increased scope for individual initiative Page 6 Law: Problems of extent and applicability remain for legislative frame-

Setting up an Office: Patience in the face of an excess of red tape is a vital commodity

Schools and Universities: Old school tie is back in fashion Management: Painfully slow moves away from bureaucracy Page 8

Shenzhan: Throwing a fence around problems of ideology Open Door Policy: Off on another long march Page 9 Canton: The country's most dynamic economic province Page 10 Agriculture: Bumper harvests boost exports Shaanxi: Lagging behind in economic flexibility

Yunnan: Peking increases tangible support to this remote outpost where stability is essential Page 12 Design: Philip Hunt, photography: Hugh Routledge

10

The China investment Coulds is the definitive and authoritative source of essential information on the investment and trading infrastructure of China, its rules and regulations. en coordinated by China Internationa Economic Consultants Inc (CIEC), backed by a prestigious and broadly based editorial board which includes representatives of the Ministries of Economic Relations and Trade, Finance and

Published in both English and Chinese editions, the Guide is being distributed in China to officials responsible for investment and trade decision-making. For those businesses and organis-ations able to take advantage of the business opportunities which cessful ventures. Much of the information is exclusive to the Guide and no other publication contains such a wealth of auth-



JIDE 1984/85

The new era heralded by China's Vegen door' policy towards the West has presented unrivalled investment and trading opportunities. Since the late seventies foreign trade has increased substantially and overseas investment is now welcomed.

For businessmen and government officials involved, or planning to become involved, in investment and trade with China, a prime requirement is accurate information - who to approach in which province offers the best location, what types of

proposal are accept-able, the structure of vant Chinese law. Now, for the first time, all this infor-

mation has been brought together. The China Investment Guide provides comprehensive coverage of the Chinese business environment and investment conditions, the appropriate laws, regulations and procedures, and the policies and priorities of the Chinese authorities toward foreign

Among the special features which make the Guide the authority are: Totally reliable translation of key trade and investment legislation by an official consultancy organisation. CIEC, whose legal office is auth-orised by the Ministry of Justice to handle legal matters involving foreign interest.

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to know who to contact and how in a country of China's size, population and complexity. Discloses the essential procedures and problems likely to arise in Sinowestern negotiations - the view of the insider and an indication of the official policy and strategy with re-

gard to foreign trade and investment.

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mission, the State Economic Commission, the State Economic Re search Centre as well as the Bank of China, the People's Bank of China, the Customs authorities, and other important state departments. Obviously, with such a distinguished team of advisors, all the information contained in the Guide's twenty chapters can be confidently relied upon.

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Colina MacDougall examines the success of five years of "open door" policy and economic flexibility.

Deng's hand strengthened by tangible results

WHEN Deng Xiaoping first announced economic flexibility "open-door" policy in early 1979, all there was to show for it in those early days was an occasional hawker with a basket of greens or an elderly lady with eggs for sale. Food, clothing and even simple con-sumer goods were all in short supply and the possibility of a fridge or a new couse was

Five years later, China has a grain surplus, free merkets are booming and private enterprise is generating millionaires. New peasant bousing, colour TVs and washing machines no longer excite comment Canton, now the pacemaker for China in terms of flexibility. girls in pretty skirts and boys on motor bikes are on view on

every corner.

Underlying the obvious success are the knotty problems that have bedevilled China for years. The shortage of power, the inadequate rail network, the inefficiency, waste and poorquality output of industry continue to hamper real growth. Low technical and management wills still prevent industry. skills still prevent industry from realising its potential and the layers of industrial bureaucracy reduce the pace of chango

West Germany

France

CHINA

Belgium Austria

Australia

Italy Switzerland

Reserves of selected countries and regions

China held the seventh largest gold and foreign exchange reserves in the world as of October 1983.

† As of August 1983.

these at the latest Central these successes. Following the Committee meeting, held in policy change amounced last Peking in mid-October, by year, the rural communes are reducing the role of state planreducing the fole of state planning in industry. Prices and wages are also likely to be affected but even a cautious move towards a Western system of regulating the economy through market, financial and tax levers is likely to be unpopular with old-fashioned Chinese Communists.

Grain surplus

However, Deng's band is strengthened by the tangible results of his policies so far. With a summer grain harvest of 140m tons, according to Mr Zhang Zhongji of Poking's State Zhang Zhongii of Poking's State
Statistical Bureau, total grain
output this year looks set to
exceed last year's 387m tons by
a comfortable margin. Cotton
purchasing is already np Im
tons on the same period last
year, while oilseeds and other cash crops are doing extremely

woll.
Production values of beavy industry were up by 12.6 per cent and light industry by 11.8 per cent in the January-August period.
Structural reform of the

Reservo (vained at

Total

reserve

80.5 \$1.7 45.5 44.6 34.0

19.8

position in market the IMF prices)

tea processing plant in Chen Cun district outside Canton where workers add jasmine flowers to tea brought from Jiangsu province. This is intended to absorb spare labour and concentrato farming among economy has been swiftly pushed through much of the countryside to help produce the most efficient families.

In the towns, individual business in the sbape of shops and cafes is flourishing. Collectivo business, such as peasant construction teams which come to work in the building industry from the surrounding country-side, is doing well. In other structural reforms,

policy change announced last year, the rural communes are being replaced by adminis-trative districts and townships.

The economic functions of the

former communes are being taken over by collectives and

sometimes even by collectives and sometimes even by private individuals. For example, the transport to market of farm produce is sometimes run by collectivo truck companies but often also by individuals.

The "responsibility system" under which rural households, in groups or singly, contract to produce certain quotas above

produce certain quotas abovo which they may keep or sell the surplus, is widely in force. The contracts were originally for three years but are now being extended to 15 or more to executage more effects form.

encourago more efficient farming. The "specialised bouseholds," where farmers concentrate on something they do well, like growing flowers or rasing

dairy cattle, are generating con-siderable wealth.

Moves are afoot to generato more rural industry, like the

more economic power has been decentralised to the provinces, conspicuously in the opening of 14 coastal cities to foreign investment. There is a growing effort to loosen red tape—the State Economic Commission claimed recently it had cut delays on approval of import of offshore oil equipment from 60 to 20 days. Peking has begun an im-

all enterprises must go over to paying taxes on earnings rather simply turning over a lump sum to the state. This is designed to make Chinese managers more aware of their potential profits





their organisations more effi-

This is the reasoning behind the October Central Commit-tee meeting which is designed to do for the urban economy what the 1979 reforms achieved in the countryside. The list of commodities controlled in the past by the State Plan is to be more than halved, so that pro-duction and nrices can float according to the market. New trade centres are 10 be set up according to the market. New port modernisation plans with trade centres are to be set up Japan, nuclear power projects where such goods can be freely at the discussion stage or traded, it has been hinted that further with Britain, France, workers' wages might be and West Germany, coal and adjusted to cope with the rise offshore oil development pairs with a wide research as the stage of the s

that this reform programme will generate more wealth in the cities, and help to rationalise the bureaucracy, it recognises that it will not get to grips directly with the physical constraints on growth. These are being tackled gradually by approaching foreign companies for investment.

For instance, Peking new has under way railway building and port modernisation plans with in prices.

with a wide range of countries,

While the leadership hopes and hydropower with the U.S.

plans to develop the enormous coal reserves in South West China and oil in the far west.

The Minister in Charge of Planning, Song Ping, recently announced that the 7th five year plan (1986-90) would concentrate on renovation rather than new projects. May of the pre-sent facilities under construction are expected to run on into the next plan period, and few new ones will start. Instead, China will try to modernize its huge stock of old factories by attracting foreign companies into supplying key items of new equipment to update it.

This plan sounds practicable.
The Chinese approach to development has become more cautious since the days of tho Great Leap Forward and increasing contacts with foreign companies have led to more understanding of the need for proper planning and feasibility

Possibly more difficult will be Deng's reform of the state plan-ning and pricing system, under discussion by the Control Com-mittee. Ideally such reforms would reduce wasts and raise quality and efficiency by apply-ing the laws of supply and ing the laws of supply and seen whether they can he implemented effectively.



		(USS be	1)			
•	1983	1884	1985	1965	1357	1902
China's exports (fob) Crude oil and	23.3	24.6	26.3	27.5	TOR	22.2
petroleum products	(4.0)	(3.7)	(4.5)	(3.5)	(3.4)	(3.3)
Textiles	(5.9)	(6.3)	(8.8)	(7.6)	(7.5)	(8.3)
Other	(13.4)	(14.7)	(16.2)	(17.4)	(18.2)	(21.7)
China's imports (foh)	19.5	-25.4	28.5	33.3	38.6	43.7
Primary products	(5.5)	(6,0)	(6.2)	(6.4)	(8.7)	(7.0)
Manufactures ·	(14.3)	(17.8)	(22.3)	(26.8)	(317)	. (34.7)
Trado balance	1.5	0.8.	-2.2	-5.3	-7.9	-4.5
Invisibles (net) Non-financial	2.8	2.5	8.0	. 3.1 -	3.0	
services (net)	0.4	0.5	9.6	8.7	0.8	· 1.0
Interest (net)	8.0	1.4	1.7	1.7	1.4	1.0
Remittances	. 0.4.	0.6	0.7	9,7	. 0.5	0.0
Current account Capital flows (net)	8.3	2.3	8.8	-2.3	-4.9	-6.6
Direct investment	0.4	. 0.4	. 6.5	8.5	0.6	8.7
Non-hank borrowing	. 0.2	1.0	. 14	2.0	2.2	2.4.
Bank borrowing	6.1	83.	0.4	0.5	0.6	0.7
Reserve usaget	-6.0	-5.0	-3.2	8.4	1.5	2.9
Memo items						1.
Foreign assets Foreign exchange	21.3	26.9	39.0	8.08	29.5	26.4
reserves	27:3	22.1	25.2	26.0	24.5	- 27.6
Gold	4.8	4.8	4.8	4.8	4.8	4.8
External debt	4.7	6.0	7.9	10.4	13.3	16.3

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Consolidating on success of pragmatic policies

Politics COLINA MACDOUGALL

ON THE STROKE of 10 on October 1, as the band played "Song of the Motherland,"

"Song of the Motherland," Beng Klaoping and his licutenants walked out into the hright Peking sunlight to review the Mational Day Parade, the first for nearly 20 years.

It was a moment of triumph on the 35th anniversary of the People's Republic, Deng could proclaim the success of his pragmatic policies (including the return of Hong Kong) on the very spot where Mao had hurled China to the Left in 1966 at his Red Guard rallies in Tiananmen Square.

in Tiananmen Square.

The was also symbolic. Deng, the one-time guerrilla fighter, impassive in his dark Chinesestyle jacket, stood flanked hy the party's general secretary, Hu Yaobang, and premier Zhao Ziyang, in Western suits. The army was present in strength, in their new uniforms with tanks and misselles. Communist Chinese tradition, the spectacle declared, is compatible with Deng's four modernisations.

the least

FACT PROTES

These key policies are ex-pecting to be launched further into orbit at the coming third plenary session of the 12th central committee. This, echoing the name of the landmark third plenary session of the 11th central committee, which give Deng supreme influence at the end of 1978, will be as important, Chinese officials say, as its predecessor, which intro-duced economic flexibility and

the open door policy.
The main topic is expected to be sweeping urban reforms affecting industry, commerce, science and culture, the next step in the introduction of a

Next year a special party representative meeting will be held, probably to deal with political questions. It also seems likely to be a Isndmark, and may set a further seal on the probable to be a second or the probabl

Tiananmen supported the view that Deng's power is continually strengthening. Hua and Zhao — especially Zhao — standing close to Deng looked like men well able to carry forward the torch of pragmatic younger leaders are Hn Qili, member of the polithureau's secretariat, and Li Peng, vice-premier in charge of energy, who are seen as future possibles

who are seen as future possibles for their posts.

All this year the leadership has consolidated, not with major appointments like those made in 1983 (such as Li Peng's to the vice-premiership), but by quietly slipping younger, better qualified men into lesser posts. The recent appointment of Li Dong, a travelled man with a technical hackground, to the post of chairman of the state post of chairman of the state scientific and technical commission in place of the ageing Fang VI is a case in point. The success of Deng's

economic flexibility policies has boosted his standing, strengthened his support nation-wide and made it easier for him to ensure the promotion of like-minded people.

Undoubted grumblers One-time leaders of the oppo-aition to Deng, like aged Marshal Ye Jianying, or economist Chen Yun, who has been conspicuously silent on recent economic initiatives, are

"negate the cultural revolution" suggest that leftists still inhabit the mid-levels of the provincial bureaucracy, but the leadership



Chinese Premier, Zhao Ziyang and President Reagan shake hands at the conclusion of their meeting in China's Great Hall of the People earlier this year,

grovelling self-criticism last turned it into a movement to

for leftist crimes in his pro-

tion Army officers have had

dence for opposition comes from the anti-spiritual pollution cam-paign, which took off with lightning speed in October last

held, probably to deal with political questions. It also has been able to pillory some seems likely to be a landmark, and may set a further seal on Deng's innovations.

Li Desheng, in Mao's lifetime party secretariat member and a member of the polithureau in charge of the campaign, standing committee and at least appeared to hijack the party

Deng's equal in status, still rectification campaign which out or re-educate the 50 per

summer.

Mao Zhiyong, the party first polluting China.

Secretary in Hunan province installed hy chairman Mao's of officials who were applying successor (but no relation) the new economic flexibility and oppose the spirit of Deng's

modernisation plans.
Nevertheless, it took Deng Even the army, hostile to Deng for undermining its influence, may be mollified by visit to North America, where the prestiga confarred hy its arrious businessmen asked him growing professionalism. More than a million People's Liberapaign, it was turned off if it was an anti-Western cam-paign, it was turned off indirectly by hedging it about

leads the important Northeast had just been announced at the cent of members who had military region, but made a central committee meeting and joined as Leftists during the

The party is also passively resisting the loss of infinence that will follow economic independence and the dissolution of the communes. Former powerful local cadres fear playng a limited role in future if Deng's ideas are carried out, since the party is supposed to keep to a policy-making role

The Defence Minister, always recent economic initiatives, are frail. Deng can afford to wait for them to die. There is now no one visible in the top eachelons of power to provide display in the October 1 parade. doubted grumblers in party and government who have lost out under the present regime. Even at the provincial level Deng seems to have circumvented survivors of the cultural revolution. The vociferous demands in the media to "negate the cultural revolution" it in a find in directly by hedging it about someone acceptance noun to with so many restrictions that it proved impossible to continue. They continue. They have not display in the October 1 parade. The crime rate, last year a worry for the social unrest it implied, is claimed to have demands in the media to "negate the cultural revolution" in the media to "negate the continue. 1979, with so many restrictions that the meany restrictions that the meany restrictions that the meany restrictions that the provided impossible to continue. 74-year-old Zhang Alping. He was recently reported about to acters of the period and scaring on change was recently reported about to him and the army, remains it proved impossible to continue. 74-year-old Zhang Alping. He was recently reported about to he replaced but so far there is the wits on to find provided in the province of the provided means to have circum-value and the army, remains it proved impossible to continue. 74-year-old Zhang Alping. He was recently reported about to him and the army, remains it proved impossible to continue. 74-year-old Zhang Alping. The part of the provided about to him provided in the provided in the provided in the provided in t

Deterrent posters back

THE hig white character posters detailing crimes committed detailing crimes: committed curtailing the campaign was the have begun reappearing in massive publicity which was Peking and many other cities generated overseas, most of it across China. The red ticks slashed across each of them efforts to sell itself as a country declare that the death penalty is still a potant weapon in the Chinese system of justice.

In the capital, 26 men were capital punishment has been that of Amnesty International.

cluding murder and rape. In Canton, four members of a gang of robbers were executed. In or robbers were executed. In southern Yunnan province, one man was killed for allegedly spying for Taiwan and eight accomplices received long prison terms.

The rituals of capital punishment in China remain traditional Several mass rellies have

tional. Severai mass rallies have been held in Peking and other parts of the country recently where the convicted heads shaved, hands bound and placards strung from their necks detailing their crimes-are paraded before the large

They are denounced, jeered and humiliated. Then, standing and humiliated. Then, standing on the backs of open trucks, they are driven away to the countryside where they die, kneeling and blindfolded, from a single nistol shot through the

back of the skull. Tha reappearance of the execution posters follows a respite in the first half of the year from the fierce anti-crime campaign between August of last year and January, during which at least 5,000 people and possibly as many as 10,000 are believed to have been put to

The campaign was brought to a difficult post for Deng to fill an end probably for two because the holder must be someone acceptable both to anpeared to have achieved its objective of wiping out that of the Public Security Police and most notable criminal characters of the period and scaring people to their deaths.

Since 1982, and especially statement of the anti-

The other probable reason for curtailing the campaign was the massive publicity which was

In a 130-page report on human rights abuses in China, released late last month, Amnesty detailed how the implementation of the death penalty in china in recent years has con-tradicted the Government's claims to have restored the rule of law and to have done away

with summary justice. Crime

MARK BAKER

Amnesty said that executions were being used to deal with political offences as well as ordinary crimes. It pointed ont that since 1981 the number of offences carrying the death penalty has doubled.

While murder, rape and violent rohbery are still the most common reasons for execution in the cases that are publicised people can be executed for a wide range of often loosely-defined offences including theft. hribery, emhezzlement, organising a secret society, molesting women, gang fighting, drug trafficking, pimping or "passing on methods of committing

served to highlight the powers of the Public Security Police and

crime."

since the beginning of the anticrime campaign, the procedures for trial, appeal, review of sentence and execution have all been accelerated.

New measures enacted by the should Standing Committee of the public."

National People'a Congress on September 2 last year, at the ontset of the campaign, threw out any suggestion that pre-sumed innocence should be the starting point of a criminal judicial hearing.

Tha measures declared that cases carrying capital punishment should be tried swiftly "if tha major facts of the crime are clear, the evidence is conclusive and they have incurred great popular indignation."

To speed-up hearings, courts we re empowered to hring prisoners to trial without giving them a copy of the indictment in advance, without giving them advance notice of the trial or serving summonses to all parties involved—actions which had been required previously under the law of criminal procedure.

The standing committee's de-

The standing committee's decision also cut the time for appeal from 10 to three days, and a further change ended the requirement for local courts to have execution sentences approved by higher authorities. Those who do manage to lodge appeals can face a harsh reaction. A lawyer was recently arrested, detained for a month hy local officials and had his house ransacked after he appealed against a death sen-tence passed on a young elient.

The lawyer had mistakenly believed that his client was not yet 18 (the minimum age for execution). For his mistake, the lawyer was arrested on the orders of a public prosecutor and accused of "aiding and ahetting" a criminal.

The Amnesty report also con-demns China for the inhuman way in which many prisoners are paraded and humiliated before execution, often in front of crowds of tens of thousands of people and sometimes on tele-vision. It points out the contra-diction with China's law of criminal procedure, adopted in 1979, whi says: "The execution of the death sentence should be announced, hut the condem should not be exposed to the

More flesh on skeleton

CONTINUED FROM

have been put on trial and publicly sentenced to long terms of imprisonment. Power to do business with foreigners has been devolved to hundreds of enterprises, provinces and other units replacing the other inits replacing the rigidity of a centrally-planned system where the only criteria that mattered in the past was fulfilling quotas set by the state.

Special Economic Zones have Special Economic zones nave been created to attract foreign investment with exceptional incentives. A web of carefully constructed legislation covering most aspects of trade has been developed to add creibility to the new concept of China as an international trading partner.

These measures have been accompanied by a relentiess effort to eliminate closet left-wingers in the party and bureacracy. This effort, however, has not been as successful as Deng might have hoped. After initially claiming that millions would be effectively pursued from the party less than purged from the party less than 40,000—or one in every thousand of the membership—has been expelled or disciplined.

ient

Travelling around China there is still pienty of evidence of opposition to Deng's policies. Officials admit that, either through lethargy or design, the implementation of the free where, to rock music, the unimplementation are being married look for partners. High optimism.

and adaptahie to change.

An important indication of the new leadership's determina-tion to develop a more adaptable tion to develop a more adaptable China, free of stultifying dogma, is the agreement reached with Britain over Hong Kong. It may, of course, never work. China hy 1997, the date when the leases expires and Hong Kong reverts to Chinese control, was the agree of the second of the control. may be a very different place.

itself. But that a major Com-munist power should apparently have accepted the idea of a full-power should tolerate a full-blooded capitalist enclave. within its borders is unique.

Striking evidence

Perhaps the most striking evidence of change in China is visual. Cities coming alive again after decades of penury. Free markets bursting with produce even in the poorest part of the country. Shops filled with consumer goods, most of them manufactured in China, some in joint ventures with foreign partners. Sanyo stereo sets. A million colour television sets a year rolling off the production lines. Here and there it is being fieshed out with something more substantive. Five years after the

thwarted in a number of places. heels and jeans. Leather But more and more and meets jackets and Japanese cameras. officials at every level who sppear increasingly articulate to the Bank of China, with hank accounts totalling \$75m in foreign exchange. Wealth is foreign exchange. Wealth is encouraged. Profit is no longer a dirty word. China may not be a free country but the increased wealth gives its people a greater freedom of choice.

There is of course no guaran tee that any of this will last. China has torn itself apart in internecine conflict in the past and could well do so again. It . There can be no guarantees of is hard to gauge what dark and continuity other than continuity resentful forces lie in wait to itself. But that a major Communist power should apparently seems untouchable, passes from the scene.

The progress should also not be overestimated. Chinese in-dustry is still riddled with inefficiency. The hursaucracy advancement. Foreigners who advancement. Foreigners who remains a major obstacle to progress. Red tape is still a way of life. Pride or "face" progress, foreigners who try and do business still come away exasperated wondering why they ever bothered.



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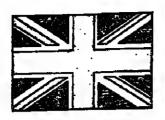
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Testing time for Hong Kong

THE Hong Kong agreement initialled on September 26 by Britain and China designed to ensure the prosperity and stability of the territory after it passes into Chines hands in 1997 is, by any eriterion, n remarkable document.

remarkable document.
Under the agreement Hong
Kong will retain its present
political, social and economic
freedoms; it will have unpreeedented judicial, legislative eedenten junichi, registave and executive autonomy and will retain its present status as a major financial centre. All this, say the Chinese, will be guaranteed for a period of 50 years after 1997.

Basic points

It was elear from the start of the negotiations in September, 1982, when Mrs Margaret Thatcher, the British Prime Minister, went to Peking that China knew what It wanted, at least in outline, and

at least in outline, and inlended to get it.

The final agreement, in fact, bears uncanny resemblance to China's 12 basic points released during the course of the talks in 1983.

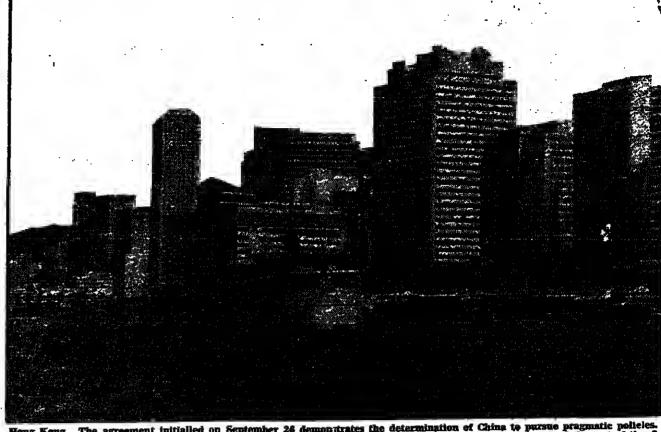
Certainly some hard and Certainly some hard and determined bargaining by the

British side persuaded the Chinese to negotiete an agree-ment which was more detailed ment when was more detailed than Peking would have liked. It is also clear that, during the negotiations, Britain was able to educate China about the realities of running a capitalist territory and of the need for guarantees of con-tinuity which went beyond mere rhetoric.

But, ultimately, China dictated both the pace and the substance of the talks. When it seemed that Britain would refuse to coucede administration as well as sovereignty to Peking China mounted on interactive public. mounted an intensive public relations campaign in the summer of 1983 compelling the British Government to cave in that antumn.

This was followed by a barrage of propaganda by Peking designed to reassure the people of Hong Kong and the rest of the world that reason and not dogma was what lay at the root of China's negotiating position.

The significance of the ent fer China and the goes considerably



Hong Kong. The agreement initialled on September 26 demonstrates the determination of China to pursue pragmatic policies. But will the idea of a free-wheeling capitalist enclave within the world's most populous Communist nation stand the test of time?

beyond ensuring the con-tinued prosperity of Hong Kong. It demonstrates the determination of the new leadership in Peking to pursue policies which are

It signals to the rest of Asia that China wishes to play its part as a stabilising influence after threa decades of uncertainty and xenofully-fledged partner in the international trading com-

Having settled the issue of Hong Keng, China is now likely to turn its attention to the more difficult issue of recovering Txiwan. An agreement which is seen to work in Hong Kong, Peking calculates, gives it the best chance of persuading the nationalist regime in Tapei to return to the fold one day under peace-

ful circumstances.

None of this, of course, gnarantees that the deal struck with Britain will actually work. Confidence in the colony has been shown to be a fragile thing and China will have to trend carefully over the next 13 years if Hong Kong is to be in good shape when the Union Jack is replaced by the Five Star flag in 1597. in 1997. Beyond

of place China will be in 1997. Will Deng's policies outlast him? Will the idea of a free-wheeling capitalist enclave within the world's enclave within the world's most populous Communist nation stand the test of time? However "binding" both governments say the agreement is, only the reality of experience will ultimately decids whether it works or

Alain Cass

Handshakes across some strange borders

WITH growing confidence about the strength of its domestic reforms greater internal political stability and expansion of its international economic ties, China is beginning to exercise a nore vigorous role in world

affirmed its control in 1978, China has ben presenting itself as an independent, non-aligned nation that is both a part of and a champion of the Third World.

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China has seen itself as an Vietnamese power in Indo-opponent of the superpower China and to use Third World rivalry of the U.S. and the solidarity as its diplomatic Soviet Union, a battler for a soaphox. fairer world economic order, a solid friend of victims of colonialism and a somewhat pristine occupant of the moral Since the new leadership high ground on the issue of under Mr Deng Xiaoping nuclear disarmament.

From the perspective of self-interest, China's priorities have been to play off Moscow and Washington to ensure the maximum economic and strate-gic advantage, to counter Soviet-

But the overriding priorities But the overriding priorities of China's drive for rapid modernisation have forged some improbable new friendships recently, and created some awkward contradictions. The necessity for advanced technology, capital and management expertise has drawn China incorrebly closer to the U.S.

inexorably closer to the U.S., Japan and Western Europe. This has stretched the credihandedness between the super-powers and exacerbated the strains in relations with the Soviets.

Wary ally

China's international friendships now cross some strange borders. It is a staunch, if a little wary, ally of North Korea.

It is a stained, if a little wary, ally of North Korea unofficial relations with South Korea. It is vigorously press-Korea. It is vigorously pressing the development of relations with most countries in both Eastern and Western Europe. It has strong links with Iran and Iraq, and Egypt and Libya. China says its ambition is to develop friendly relations with all nations on the basis of principles of peaceful coexistence and mutual heaff. It saw the with most countries in both Eastern and Western Europe. It has strong links with Iran and Iraq, and Egypt and Libya. Chaina says its ambition is to develop friendly relations with all nations on the basis of principles of peaceful coexistence and mutual benefit. It says the necessities of concentrating on its economic modernisation are the guarantee that it will not act as an aggressor or expansionist.

But the initiatives of Chinese diplomacy, especially in the past year, show that China perceives itself as a substantial force in world affairs already and is actively seeking to expand is actively seeking to expand is actively seeking to expand is actions appears to be a pre-occupation with countering champion independent action by other Eastern Bloo states. Several other senior Chinese leaders have toured Eastern Europe in the past year promotent bilateral ties. In addition to Romania, relations appear to be growing steadily with Hungary, Yugoslavia and East Germany. Mr Deng highlighted the provocative style of China's diplomatic initiatives in Eastern Europe when he declared firm support for German reunification during the recent visit to Peking by the West German Chinese leadership about the prospects soly this year. There appears to be worsening pessimism of within the Chinese leadership about the prospects for in-

Soviet influence—especially any spreading of Moscow's alliances in developing countries in Asia. Latin America, the Middle East and Africa.

This attitude explains the vehemones of China's hatred of the present Vicatnamese leader-ship and its energetic backing of the anti-Vietnamese coalition fighting in Kampuchea, It also underpins the considerable effort Peking puts into cultivating North Korea and Pakistan and the continuing frestiness in its relations with India, des-pite some progress recently in

China has been very active in attempts to promote differ ences between Moscow and its

allies in Eastern Europe.
The Chinese President, Mr
Li Xiannian, mada a muchpublicised visit to Romania in
August to attend celebrations of tha 40th anniversary of the country's liberation from the Nazis. He used the visit to appland Romania's maverick rola in the Warsaw Pact and to champion independent action by other Eastern Bloc states.

The Chinese believe Moscow has become more antagonistic and less willing to negotiate standably piqued about a standably The Chinese believe Moscow has become more antagonistic and less willing in negotiate since the change of leadership in the Kremlin at the beginning of this year. They point to a rash of anti-Chinese relation with the Soviet media since Mr Chernenko came to power, some of it by Mr Chernenko himself, and the cancellation without explanation of a scheduled visit to Peking in May by a Soviet The Soviets have been understanded by piqued about China's contracts with the U.S.—especially the visit to Peking by President Reagan in April friendship with Japan.

The Reagan visit to Peking, and a visit to Washington in Jamary by the Chinese Premier, Mr Zhao Ziyang, helped to set Sino-U.S. relations on a firmer course. While Deputy Prime Minister, Mr China recognizes the importance of U.S. investment and technology for its economy, it is still wary of Washington.

sides say that a fifth round of the consultations beginning in Peking on October 18 will be little more than a formality.

Three obstacles

A six-hour meeting at the United Nations several weeks ago between the Chinese Foreign Minister, Mr Wn Xueqian, and his Soviet counterpart, Mr Gronyko, did not achieve the breakthrough China was hoping for.

China was hoping for.

The prospects for progress are not improved by China's rigid insistence that the Soyle's must first act on the "three obstacles" — support for the Victnamese occupation of Kampuchea, the Soylet occupation of Afghanistan and the continuing build-up of Moscow's military strength along its borders with China.

China's apparent unwillingness of give even a little ground on the preconditions is seen by the Soviets as evidence that determination to claim its place China is not interested in repairing the relationship, beyond the gradual growth in bilateral that the state of trade and in trivial educational

A process of formal consultation between Moscow and Peking, begun in 1982 at the initiative of the former Soviet Taiwan is still a volatile issue, President, Mr Breakney, has although Peking seems more considered about its ability to infinence U.S. rolling as the considered about its ability to infinence U.S. rolling as the considered about its ability to infinence U.S. rolling as the considered about its ability to infinence U.S. rolling as the considered about its ability to infinence U.S. rolling as the considered about its ability to infinence U.S. rolling as the considered about its ability to infinence U.S. rolling as the considered about its ability to infinence U.S. rolling as the considered about its ability to infinence U.S. rolling as the considered about its ability to infinence U.S. rolling as the considered about its ability to infinence under the considered about the conside

The agreement initialed last month under which Britain will

month under which Britain will return Hong Kong to China in 1977 has given China enormous considence about its ability to achieve reunification with Taiwan by diplomacy.

It was notable that the U.S. was one of the first countries to applaud the achievement of the Hong Kong agreement and the U.S. was generous in its praise for the "one country—two systems" concept under which the colony will keep its autonomy and capitalist system. autonomy and capitalist system.
The U.S. stand carried an ominous ring that was not missed by the increasingly nervous Nationalist Chinese

regime in Taiwan.
The Hong Kong agreement itself is a formidable example of the diplomatic skills of China and a sign of its ability and determination to telaim its place

Mark Baker

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Energy

COLINA MACDOUGALL

ON OCTOBER 1, 35th anniver-ON OCTOBER 1, 35th anniver-sary of the foundation of the Paople's Republic, Chima's cities "page ablaze with lights. Luckily it "ras a holiday. With the factories switched on, the bulbs "about" have gone out in a dramatic reminder of China's power starved economy.

Fricing still has far to go in developing energy resources. Shortages constrain the growth of industry more than any other factor. Production of coel, hower and oil has begun to rise but is still delayed by old technology, inadequate transport and lack of investment.

Efforts have been made to cut Efforts have been made to cut

power project at Daya Bay, the exploration in the Pearl River

THE RESERVE

But the state

so hopeful, have been disappointing. So far, no one has found a high-yield well. "I "The Chinese have already think there's only e medium-sized field out there," says David Harding, manager of SP's operation in Canton where a sizeable number of foreign Sizeable number of foreign off companies are now based. Of the 12 wells drilled in the South China Sea by foreign operators under the model contract signed with the Chinese last year, only one, drilled by Esso, may turn out to be truly

"At this well, the Wenchang 19-1-2, dally production is companies so they will develop 429 tons," says Mr Chen both good and bad areas. Binggian, director of the "We also plan to invite liaison department of the China foreign companies into joint National Offshore Oil Corporation. "Esso has encountered several hundred metres of dark

series of complex evaluations. Even if we go ahead, the weli may not be in production till the late eighties."

In the South Yellow Sea,

where the Chinese had drilled unsuccessfully on their own before taking on foreign part-ners, BP has had oil and gas shows. "That's encouraging," says Mr Chen.

Talks

Four more foreign-operated rigs will start drilling shortly in the South China Sea and one more in the South Yellow Sea. Total, after a year of talks with the Chinese over their pullout from drilling off Hainan island, have agreed to put in a light platform. This is to develop wells which they previously maintained were uncommercial. down energy waste.

claims success to the tune of agent tons of coal equivalent platform. This is to well which they previously waste which they previously maintained were uncommercial. However, Occidental are pulling out for a year to consider the data from the two they have drilled. "Their results are not good enough to "says Mr Ma Qifu," its age and inefficiency.

Spectacular plans are afoot they have drilled. Then for massive developments in results are not good enough to every sector. In a few cases, continue," says Mr Ma Qifu, like the offshore oil search, work deputy general manager of Nanhai East Oil Corporation, which runs the Chinese side of final details of the contracts are area. Areo, which made a large being discussed. In still others, gas strike, are deliberating on like the massive hydropower the possibility of building a projects which the U.S. is fertiliser plant on Haioan studying, real development is which would use it as feedstock. China plans to start its second round of bidding for

area for bldding," says Mr Chen of CNOOC.

"By and large the new contract will be similar to the model contract which has al-ready been accepted," be adds. "We will make some modification to it, though, and guarantee a reasoneble return to foreign companies so they will develop

metres and another at around 1,000 metres."

Solution of questions," says Mr S. I. Philips, vice-president of Esso China. "We'll have to make a feld, Daqing, which produces the content of the content o went up nearly 4 per cent to 106m tonnes and may rise again in 1984. China's higgest field, Daqing, which produces half the national output, is getting U.S.\$162m from the world bank, plus another \$62m from supplier credits and other accuracy. This is to buy drilling and other equipment. Other and other equipment. Other fields such as Zhongyuan in Hunan province are also slated for World Bank loans.

Despite foreign interest in the oil saga, coal is China's most important fuel as the smoking chimneys which dominate every chimneys which dominate every townscape testify. Currently it eccounts for 70 per cent of energy production with esti-mated reserves of 740bn tonnes, there is hinge scope for develop-ment, much of which Peking hopes to pursue with foreign co-operation.

The output target for the year 2000 is an amazing 1,200m tons. Outsiders view this goal with scepticism, not so much for the constraints that exist on production, as for the burden it would load on to an already groaning transport system. A quarter is destined to come from coal-rich Shanxi province, where even now mountainous coal stocks over-

flow storage capacity.

Major mine developments
listed for foreign pertnership
include the Pingshuo open pit
mine in Shanxi on joint venture terms with Occidental. After hitches owing to the drop in the world coal price, Occidental is now expected to take only 25 per cent of \$600m investment to the children in the children investment of the children in the c ment, with the Chinese taking

75 per cent.
The U.S. company, Fluor, has completed a mine improvement study for the Fushum opencast mine in Lianning province, and are working on a study for Huolinhe mine in Inner Mongolia. Fluor UK are conducting a feasibility study with Shell for the Jining No 2 shaft mine in Shandong pro-vince. The World Bank is also providing finance for coal projects, of which two are expected to come up for bldding later

considering slurry pipelines. One, from Shanxi to the ventures for oil development on shore, but that's the business of the petroleum ministry, not of Shanghal area, is thought to have priority, and preliminary estimated investment for the



70 per cent of energy production. There is hige scope for development, much of which Peking bopes to pursue with foreign co-operation

first is \$900m but many foreigners are sceptical about the practicability of such a

Though China has huge stocks of coal, most of it is incon-veniently located for much industry. The great cities of Central and South China are many hundreds of miles away.

Response

The \$3bn 1,800MW nuclear power plant planned for Guangdong is intended to solve energy problems for Canton. The French and British com-panies concerned, Framatome and GEC, are awaiting a response to their proposals made

earlier this year.
China is building a 300MW nuclear plant on its own (hnt with a Japanese reactor vessel) To ease transport, China is at Qinshan, near Shanghai, and other nuclear proposals are nucler discussion with West Germany. Talks with the U.S. have ground to a halt since Washington's anxiety over anxiety over

Peking transfers of nuclear technology to Pakistan grew in midsummer. However, sceptics believe that once the U.S. presidential election is over, the agreement aigned by Ronald Reagan on his

visit to China in April will be

ratified. Thermal plants still loom large in Chinese thinking. Peking plans to build around 35,000 Mw of capacity during the current and next five-year plan period. At the same time, hydropower is under study, notably by the U.S. Burean of Land Reclamation at the Three Gorges site on the Yangtse, where capacity is estimated at 13,000 Mw. Construction here,

if it went ahead, would be spread over many years, perhaps through the 1990s. With such ambitious plans in a wide spread of sectors, it remains to he seen whether Cbina, still short of technology and infrastructure, such as

Shake ups seek to create more freedom and profits

ALAIN CASS

CHINA's lumbering industrial structure has been subject to more edicts, shake-ups and ahrupt changes in the past six years than ever before in its chequered history.

The reforms introduced by China'a leader, Deng Xiaoping, since 1978 have been aimed at making the country's sprawling budding microcomputer Soviet-style industries more industry. In the past nine years efficient, more profitable and the country's production has more responsive to market con-

A meeting of the Communist Party's Central Committee in as fast as they ere produced so October pushed through a major they become obsolete. Vicenew series of reforms aimed at Premier Wan Li, chairman of making all enterprises and in China's leading computer group, they are produced to a conference of the computer group. dustries more independent told a conference earlier from the stifling control of state planning and, therefore, more least 10 years behind. The profitable. The steps included dismantling control of prices, properly because time does not wait for us." dismantling control of prices, cutting subsidies and giving more planning autonomy to pro-duction managers.

Reformist movement

Despite some patchy improve-ments since the reformist movement began in 1978, Chinese industry has suffered from uneven progress and continued in-terference from ministries—at the higher levels—and officials, lower down, unaccustomed to the idea of initiative and profit. The question of evolving a

sensible pricing system is the top priority in making Chinese industry more efficient. The first area which needs to he tackled is energy, where over the pest year the familiar gap between industrial growth and the much alower growth in power supplies exacerbated an already serious problem.

A second important aree for urban reform is the sbortage of qualified technicians to run China's factories. According to one Chinese survey less than 3 per cent of the workforce currently manning China's largescale and medium-scale enterprises is technically qualified. Even Chinese economists admit that less than one-third of fac-tory managers are qualified to run their enterprises.

Problems such as low productivity, antiquated equipment, lack of cost accounting prac-

manpower is put in charge. In some cases the Government has sanctioned drastic steps in a bid to push through reforms. Factory managers have actually been dismissed—an unheard of step in the days of Mao—and, more frequently, fectories or enterprises have been forced into mergers with more profit-able units.

One obvious area where a higher standard of management would be beneficial is China's the country's production has grown to 9,000 machines per year. Output is projected to reach 30,000 units by 1985. But

wait for us."

The challenges facing China's computer industry highlight the much broader problem the country faces in modernising its light industry as a whole.

Paradoxically these are prob-

lems which bave surfaced as much, if not more, from the success of the policies aimed at pushing light industry than from their failure. The new policles apart, two other factors have contributed to the steady growth of light industry which bas averaged an annual increase of 11.2 per cent over the past five years according to Chinese

Bumper harvests

The first stems from the fact thet 70 per cent of total light lindustry uses agricultural raw material as its main manufacturing base and China has been baving a series of bumper harvests in recent years. The second factor is that average incomes have grown swelling

in particular, consumer goods.
This rapid development has produced new problems as the tastes and demands of the consumer has changed. "In the past," explained one Chinese official "people didn't care what they wore, to take one example. expect people to spend a smal-Everyone wore the Mao suit and ler proportion of their money the only available colour for on essentials such as food and most people was blue. Now both more on western-type luxuries.

ices, deficit financing and an old and young want different absence of quality control cannot be resolved until the right of the control cannot be resolved until the right of the control cannot be resolved until the right of the control cannot be resolved until the right of the control cannot ca Children want more toys. And

Light Industry in China, long used to churning out goods simply to meet a nationally-imposed quota, is not flexible. As a result, explained the officiel: "Factories ere now making goods we cannot sell, hlack and white televisions for example, now that many people have colour sets; toys that are not up to standard, and out-of-date clothes. A huge process of ad-justment is required to keep light industry up to the mark.

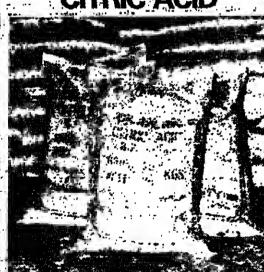
Even if light industry were to adjust fast enough to the quality China's new consumer desires, it is doubtful whether it could keep up with the de-mand for quantity. As incomes have rocketed uoder the new system so have savings. Most people, it seems are saving more, rather than spending their money. In 1978, total savings amounted to Yuan 21.1bn

(\$8.22bn). By August 1984 these has topped Yuan 100bn.

The problem of getting factories to produce the right product of the right quality in the right amounts is compounded by which burdens the wbole of Chinese industry. "We cannot encourage factories to change until we make it worth their while," said the official, "Hope-fully the recent new measures will help in this task."

Chinese officials reckon that, although most consumer goods will eventually be supplied by Chinese factories, light industry offers major, new opportuni-ties for foreign companies, either as joint venture partners or suppliers of technology and know-how. The most important areas of opportunity appear to be food processing, electrical devices for the ever more sophisticated Chinese bousewife and youngster-fridges vacuum cleaners, stereos, ever comes have grown, swelling air conditioners and cosmetics, demand for light industrial and, In time the same is likely to apply to heavy industry which has taken something of a back seat in netional priorities over the past five years. Chinese officials see the vehicle market as a major area of opportunity. As per capita incomes rise they

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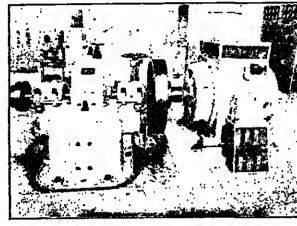
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CHINA 6



The national airline CAAC (Civil Aviation Administration of China) has a monopoly on all internal rontes

Scope for individual initiative



By Susan Ware Editor of Sino British Trade

THE ECONOMIC bureaucracy in China's provinces, like tha Chinese style of dress used to be characterised by a certain degree of uniformity. These uegree or amiormity. These days there is scope for individual initiative in both spheres, and as new styles appear on city streets, new organisations spring up by the decore over month. organisations spring up by ino dozens every month, covering everything from earthworm breeding in Jiangsu to power plant in Sichuan. Business may be booming for the Chinese, but it can be extended application for the tremely confusing for the foreign businessman new to the scene, as he surveys a bewildering array of organisations with acronyms like ZITIC and NHWOC, and wonders just who he should approach.

that while for very large deals the foreign partner may spend much of his time negotiating at Ministry (or equivalent) level in Beijing, for an in-creasing number of projects most of the work can be done at provincial or municipal

While the contact at these levels used in general to be a branch of one of the Foreign Trade Corporations of the (then) Ministry of Foreign Trade, it can now be very unclear not only who the contact should be, but also how the various organisations relate to one another. The situation is further complicated by the fact that despite a basic structural similarity, organisa-tions tend to differ from province to province.

The Provinces

In general, however, the provincial economic bureauc-racy is structured along lines as follows: under the Provincial Government are the Provincial Economic and Planning Commissions (which may be separate or coojoined) and the Provincial Department of Foreign Economic Relations and Trade (FERT).

These bodies work closely together, the former perform-ing the roles played at the national level by the State Economic and Planning Com-

short and long-term plans, and have a supervisory role over industrial enterprises and ludustrial corporations which may or may not bave the authority to conduct foreign trade. The Provincial Depart-ment of FERT (under the Ministry of Foreign Economic Relations and Trade) oversees the implementation of these plans and supervises the prorincial import-export corporations and thus both imports into and export out of the province. Its anthority also has to be referred to in the forma-

tion of joint ventures and leasing, liceusing, compensation trade and other kinds of Should there he a larger non-specialised development corporation, such as the Chanjiang Enterprise Corpora-tion in Sichnan or the Hubei International Economic Co-operation Technical and In-vestment Consulting Service Corporation it will usually be under this department's aegis, as will the provincial Inter-national Trus and Investment

Corporation (ITIC). This latter body is legally un-related to the China Inter-national Trust and Investment Corporation (CITIC), hot per-forms similar functions to it the soliciting of investment

and finance both domestic and foreign. It is becoming more common for ITIC's, and for Bank of China (BoC) hranches, to take equity stakes in projects — the Shanghai BoC, for example, has an equity stake in the has an equity stake in the Pilkiogton's glass-making joint venture in the city. Outside this hierarchy the

trade remit are the Bank of China and the provincial subcouncils of the China Council for the Promotion of International Trade (CCPIT). Provincial and municipal BoC hranches have recently been given increased anthority, in degrees varying with location, to approve foreign exchange

for projects.
CCPIT's main functions are the organisation of trade exchanges and exhibitions. All of these organisations have an umbrella role to play. For the foreign husine those most suitable for an initial approach are the Provincial Department of FERT, CCPIT and the ITIC. The ITIC's certainly have a reputation for being particularly sophisticated and dynamic.

The Municipalities

The structure differs to come extent to the Municipalities of Beijing, Tianjin and Shanghai, and differs between them. In Beijing the most important umbrella organisa-tions are the Municipal Economic Commission, the Foreign Trade Corporation, the Economic Development Corporation and the ITIC, who form a layer above the State Trading Corporations and the other industrial

In Shanghai the structure is similar, with a Foreign Affairs Commission and a Capital Construction Commission in addition. The best organisa-tions to approach are probably SFTCO (Shanghai Investand STICU (Shangaal invest-ment and Trust Corporations) and tha Shanghai Foreign Trade Corporation (FTC), which latter supervises over 20 specialised import-export corporations, an advertising and a consulting arm. When the Yangtze Economic Zone the Yangtze Economic Zone is established, integrating Shanghal economically with its hinterland, the FTC will become particularly important, acting for the whole

In Tianjin there is a similar top level to the hierarchy, composed of the Foreign Affairs Burean, the Foreign Trade Burean, the Foreign Trade Burean, the Municipal Economic Commission and Planning Commission, and, below, the Foreign Trade Corporation, the Technical Junet Denattment, the Import Department, the Economic Development Corporation (TEDC) and the

Tianjin FTIC (TITIC).
Under these various umbrella organisations, umbrella organisations, whether they be at provincial or municipal level, are the various industrial bureaux, socb as those of Machine-Building, Chemicals or Build-

ing Materials, which answer to Ministries at the national level. Any bureau may have a twin, for instance the No. 1 and No. 2 Bureaux of Light Industry, baving different areas of production responsi-bility. Under these come the various branches of the State Trading Corporations which answer to the provincial or municipal Department af FERT, or to central Minisdepending on their

Under these bureaux or corporations hare are numerous industrial corporations which may have trading authority only for exporting, or cover production and distribution but cannot conduct foreign trade. Below are countless entarprises, a very few of which may be able to import and export if they are particularly large.

In the current climate of more direct contacts between foreign businessmen and end-users, it is more common for decisions on technology and equipment requirements to be made at enterprise level and lohlying applied upwards through the hierarchy until a decision is made at higher levels, such as by the Manicipal Economic Commission in Tianjin, for instance, after which one of the foreign trade liaison organisations, such as TITIC or TEDC in Tianjin, may help with

negotiations. This description cannot be taken as anything but a rough guide. Although in theory the functions of these various organisations may be explicit and distinct, in practice there may be quite a degree of

This is growing as more economic anthority is delegated downwards from Bei-

Routes in

So much forthe question of whom to make contacts with, As for how to make them, there are several avenues which are probably best attompted in combination. The Chinese themselves have for two or more years now been both contacting more nies abroad directly and distributing, generally on a provincial or city basis, long project lists of import requirements mainly for upgrading factories.

These vary form the fairly sophisticated to requests such as "Commune X seeks a foreign partner for pasture ...development," and it is diffi-cult to asses their value as a whole. These lists are also frequently tied to "Investment Symposia" held in China.

Possibly more producthive is involvement in an inward mission of Chinese to the UK, many of which represent a particular industrial corporation from a particular area. Programmes for such missi are freuently arranged by the Sino-British Trade Council the 48 Group or the Central Office of Information. These interested should keep in contact with these bodies, and also with the Commercial Office of the Chinese Embassy

Exhibitions held in Clina are also worth consideration. Although they are unlikely to fill order books on the spot, contacts can be made with the Chinese audience, many of whom may have come from distant areas to visit the exhibition the CCPIT has recently said it is to hald more exhibitions in less frenently visited inland areas. Lastly, the companies may find it worth theirw hile to

employ a Hong Kong agent, many of whom enjoy close relations with a particular ministryo is eographical area. While it is inevitable that a company wishingt o invest in or sell to China will have to visit at least once and prob-ably invite the Chinese partners to the UK, the agent costly toing and froing.

Some may mourn the lost simulicity of the old days. Trading wit h China now is certainly more complicated, and as increased authority is given to the provinces and municipalities o initiate and approve projects, they are falling overthemselves to offer "special conditions" to foreign

Ground rules and key information

North China (including Belling) — Winters very sold (-4°C-0°C), generally dry, some snow. Likely high winds and occasional dust storms in Spring, Summer can be very hot (24°C-28°C) and humid, with rains July-August. Autumns are warm, dry and very pleasant.

South China—Very hot and humid for at least the six summer

months, although winters can be quite cold with frosts as far south

Normal business suit and tie, with open-necked shirts and safari suits acceptable in summer. Dinner lacked never required (nor long dresses for women) unless for an important embasis function. Women's dress also smart and simple, with overexposure of skin inadvisable.

Greenwich Mean Time plus eight hours.

LANGUAGE Official language spoken throughout China is Standard Chinese (Mandarin). Cantonese is also applied widely in the south. Other languages spoken include Shanghainese and numerous dialects, but the foreigner will rarely encounter any of these.

Visas mandatory and obtainable through Chinese embassics and consulates world-wide. For the businessman, rather than the tourist om a package trip for whom the formalities will be arranged by the tour operators, before a visa is issued an invitation must be obtained from a Chinese organization which is then the visitor's official sponsor, and which in theory hears the responsibility of organising the visitor's travel and accommodation within China. Invitations and visas should be requested several weeks in advance of departure, but can be obtained within around 48 hours if applied for through the China International Travel Service (CITS) or the Chinese Visa Office in Hong Kong. All entrants will be required to fill in customs forms and to re-export items such as cameras and watches.

HEALTH

There are no compulsory vaccinations except for visitors from epidemic areas, but the standard typhoid-TAB, smallpox, cholara, hepatitis etc are advisable, as are malaria and yellow fever if travelling in some southern areas in summer. Foreigners falling ill in China will be expected to pay for medical treatment. Western medicines are not generally available in the shops.

AIR TRAVEL

The national airline is CAAC (Civil Aviation Administration of China), with a monopoly on all internal routes and flying some international routes. International airlines flying into China (mostly into Beijing) include British Airways, JAL, Air France, Swissair. FIA, Aerofist and Philippine Airlines. There are also direct flights from Hong Kong to Beijing, Tianjin, Shanghal, Guangzhou, Nanjing and other cities.

There are various CAAC booking offices abroad, but as yet these can only book international CAAC flights. AIR TRAVEL

There are major ports all down China's coastline, and ferries travel from Hong Kong to Shanghai, Klamen and Guangshou, with hoverferry services to Shekou (in Shenzhen Special Economic Zone) and Jiuzhou (in Zhuhai Special Economic Zone).

TRAVEL WITHIN CHINA Travel permits are no longer required for 39 major cities, but outside these a host organisation must ensure the issue of a travel permit through the local Public Security Office, for which there may be a small fee.

There is an extensive rail network, with tickets bookable at

local travel agency (Luxingshe) offices and most hotels.
Foreigners will be expected to travel first class.

There is a direct line from Hong Kong to Guangahou, which takes three hours. BUSES/TAXIS

Buses—apart from bicycles—are the major method of transport for the Chinese and are not generally frequented by foreigners. Taxis are available, but in high demand, at all the major hotels and other venues used by foreigners. Self-driving of cars is not permitted, but cars and mini-buses with drivers supplied can be hired. CURRENCIES AND BANKS
The domestic Chinese unit of currency in the Yuan or

Renminbi (dollar), and currently Yuan 2.70=U.S.\$1, although the rate fluctuates daily, posted by the Bank of China, the countries foreign exchange bank.

Foreign currencies cannot be used for transactions within China. The foreigner is instead expected to purchase foreign exchange certificates with foreign currency, which are valld in all hotels, shops, taxis, restaurants etc catering to foreigners. the domestic currency, although this in theory may be used in places normally frequented by domestic Chinese. It is illegal to

export Renminbi, but foreign exchange certificates may be exported or deposited in the Bank of China for later use. exported or deposited in the Bank of China for later use.

Travellers' cheques in principal denominations issued by the major institutions are acceptable, and both travellers' cheques and foreign exchange can be imported in unlimited amounts. Major credit cards including American Express, Diner's Club, JCB, Master Charge/Visa etc are taken in principal hotels, restaurants and ahops used by foreigners.

Banking hours are 09.00-12.00, 13.30-17.00 hrs., with some local variations.

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HOTELS

Beijing: The Great Wall (large modern hotel, bookable direct—telex 22005 GWHBJ CN or through Allport Travel 01-935 4428). The Lido (modern hotel, bookable direct — telex 22618 LIDOH CN). The Jianguo (smaller modern hotel, also bookable direct—telex 22439 GJHBJ CN, or through the Peninsula Group). Others include the Beijing Hotel, the Fragrant Hills, the Xinqiao, the Qianmen, the Ho Ping (Peace), the Minzu (Nationalities), the Youyi Binguan (Friendship), the Huadu, the Vanjing.

Shanghai: The He Ping (Peace). The Jinjiang (which also has a club well-known to many foreigners). The Park, The Hongqiao, The Shanghai.

Guanghou: The Dongfang (old favourity of Carnon Fair

Hongqiao. The Shanghai.

Guangzhou: The Dongfang (old favourite of Canton Fair traders). The White Swan (modern high-rise hotel on Shanjan Island, bookable direct—telex 44149 WSH CN). The China Hotel (recently built, bookable direct—telex 44888 CHLGZ CN). The Garden (open November, bookable direct—telex 44788 GDHTL CN, or through the Peninsula Group). The Liubua: The Balyan. New hotels are as indicated above; others are renovated to varying extents. Hotel accommodation is in very short supply and tha visitor is unlikely to have any choice of hotel and will usually be directed to the newest and most expensive. Frices have jumped over the past couple of years and a single room at the Great Wall in Beiling is over Yuan 200 per night. Western food (of varying quality) is available in the larger or new hotels. Staff are forbidden to accept tips.

FLECTRICITY 220-240 volts, AC, 50 cycles. MEALTIMES

Lunch: noon. Dinner: 18.30-19.30 until around 21.00 hrs. If entertaining Chinese guests to dinner, it should be remembered that they prefer to eat early.
TELECOMMUNICATIONS

Automatic dialling within the country is available from all major cities, and from Guangzhou to Hong Kong, but otherwise international calls should be hooked. The system is generally not up to demand and long waits can be expected. International calls and cables can also be sent from major post offices. Telex facilities are available in most hotals. GOVERNMENT AND BUSINESS HOURS

08.00-12.00, 14.00-18.00 hrs. Monday-Friday. 98.00-12.00 hrs. BUSINESS CARDS

These are indispensable and should be translated into Chinese (simplified characters) on the reverse side.

USEFUL ADDRESSES
In China: China Council for the Promotion of International Trade (CCPIT), Fuxingmental Delie, Beiling, Tel. 586304. Telex 22315 CCPIT CN. China International Trust and International Corporation (CCTIC), 2 Qianmen Dong Daile, Beiling, Tel. 757131. Telex 22305 CITIC CN. Ministry of Foreign Economic Relations and Trade (MFERT), 2 Dongchangile, Beiling, Tel. 558031. Telex 22168 MFTPR CN. Bank of China It Xijiaominxiang, Beijing, Tel. 538521. Telex 22254 23268 ECHO CN. China International Travel Service, 6 Dong Changanile, Beijing, Tel. 51826. Telex 22250 CITSH CN. British Embasis, II Guang Hua Lu, Jianguomenwai, Beijing, Tel. 522961 (4 lines), Telex 22191 PRDRM CN.

Telex 22191 PRDRM CN.

In the UK: Commercial Office of the Chinese Embassy, 56-59
Lancaster Gate, London W2 3NG. Tel. 21-262 0252. Telex 89640
CLEFSL G (is also the address of the various importsuport
corporations). The Sino-British Trade Council, 5th Floor, Abford
House, 15 Wilton Road, London SW1, 117. Tel. 01-255 3175/7.
Telex 22489 SBTC G. The China Unit, Department of Trade and
Industry, 1 Victoria Street, London SW1. Tel. 01-215 2278 (China
and South Asia). The 49 Group of British Traders with China, 34
Rosehery Avenue, London ECL Tel. 91-837 2228/7810: CAAC, 5A
White Horse Street, London W17 7LA. Tel. 01-499 7801. Talex
263114 CAAC UK. China National Tourist Office. 4 Glentworth
Street, London NW1. Tel. 01-935 9427, Telex 291221

Midland in



Midland Bank Group is one of the world's largest banking organisations and provides a range of services no other bank can offer. In project finance important new projects are being identified daily in China's modernisation programme. Here, Midland Bank Group's project finance teams draw on skills and experience to assemble highly competitive financing packages. The Group's trade finance teams, which form part of Midland Bank International Trade Services, arrange buyer and supplier credits on the finest terms, making maximum use of government backed export credit schemes. In the area of international travel Thomas Cook has served travellers to China for over 100 years. Now part of the Midland Bank Group, Thomas Cook provides a full range of travel services including the universally encashable Thomas Cook Travellers Cheques. To learn more about Midland's services in China, call:

In Beijing: Philip Pritchard, Senior Group Representative, Room 6055, Beijing Hotel, Beijing. Telex: 22954 MIDBK CN

In London: David Markham, Manager, Asian & Pacific Region, Midland Bank plc, International Division, 110 Cannon Street, London EC4N 6AA. Tel: 01-623 9393, Ext 4561.

In Hong Kong: Nigel Henley, Area Manager, Midland Bank plc, 24th floor, Prince's Building, 10 Chater Road, Hong Kong. Tel: 5-265678. Telex: 63760.



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MEXICO, CITY, MOSCOW, NEW YORK, PARIS, PIRAEUS, SAO LUIS, SAO PAULO, SINGAPORE, SYDNEY, TOKYO, TORONTO, VANCOUVER AND LONDON.

rules and rmation

Problems of extent and applicability remain

Law STANLEY LUBMAN

CHINA'S economic law-makers are continuing to establish a framework for foreign trade end investment. However, tha certainty and predictability which the new laws are intended to foster could be underent by administrative confusion which may result from new reforms of the foreign trade bureau-

The legal vacuum in which the China trade was formerly new legal regime is being created to facilitate transactions, sometimes large, for the transfer of technology and capltal. New laws on foreign economic contracts are expected to be edded to legislation on equity joint ventures, taxation of foreign economic activity in China and, most recently, patents. The work of creating a domestic legal system is also continuing, and at least general principles may appear soon on property ownership and succes-sion.

Common pattern

However, these first attempts cannot regulate in great detail the complex transactions which are now possible. Many issues must be negotated and carefully addressed in contracts. A common pattern in Chinese law-making has ben the appearance making has ben the appearance of very general, sometimes skeletal laws, followed later by more detailed implement-hregulations, Ofen, too, new legislation is "provisional" or "interim." Moreover, practice has neither been uniform nor as time acceptainable.

readily ascertainable. Problems remain in determining the scope and applica-bility of new laws. Foreign investors sometimes find that eager Chinese partners may offer to make arrangements that seem inconsistent with the new laws. Also, although the growing volume of promulgated iegislation is impressive, a body of rules of indeterminate size

continues to guide the conduct of officials in their negotiations with foreigners, but remain "internal" and only accessible to the officials. Mr Gu Ming, deputy secretary general of The State Council and head of its State Council and head of its economic legislation research centre, has repeatedly told audiences in China and abroad that foreigners cannot be expected to obey laws whose contents they do not know. Nonetheless, it still remains difficult to ascertain the content of some rules, and even more difficult to unearth information about administrative interpretaabout administrative interpreta-tions of published rules.

Reforms announced Changes in policy continue to affect the legal system, and recently announced administrative reforms may, at least in the short-term, seriously im-pinge on foreigners' transactions in China. "Laxer laws to attract foreign technology," proclaimed the lead headline in the China Danly on October 13. The news item thus introduced went on to say that new laws would "end the monopoly of foreign trade by bureaucratic companies" as local governments and enterlocal governments and enter-prises would be granted the power to engage in foreign trade transactions directly with foreigners. Although there would be some "duplications and waste," stated a spokesman for the State Economic Com-mission, "the benefits of intro-ducing advanced technology more quickly would outweigh losses."

Recent experience suggests the problems that may arise: in 1979, the highly centralised system modelled after the Soivet one was decentralised, producing competition among provioces and cities and con-fusion about their enthority to sign contracts without obtaining approval from Beijing Only slowly did partial recetralisation restore order.

Also, within the last 12 months domestic economic reforms produced a phenomenon previously almost unheard of in the China trade, when some Chinese sellers refused to honour contracts signed last Autumn unless their foreign customers agreed to pay higher

prices on goods which had not yet been delivered.

Some enterprises which had previously been required by state plans to export their goods were given discretion over where to sell and chose to sell on the domestic market, where quality standards are less stringent and prices sometimes higher. Foreign trade corporations were emberrassed, and ations were emberrassed, and protests made to the Ministry of Foreign Economic Relations and Trada (Mofert) and to Chinese commercial attaches in

Europe and the U.S. Hong Kong buyers were hard-hit. The latest reforms may go further than the previous ones. Already announced has been the intention to separate the state foreign trade corporations from Mofert, supposedly to run them as husinesses. In addition, 14 cities are to be granted greater autonomy in signing contracts for equity joint ventures with foreigners. The reforms announced in the China Daily on October 13. signal even greater decentralisation.

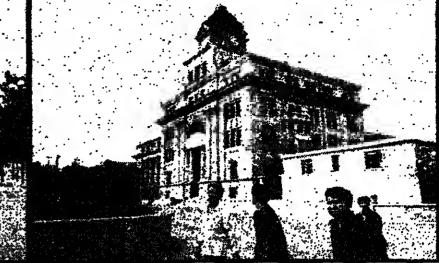
New companies are appear-ing briskly and offering to do business. A noticeable develop-ment has been the creation of research institutes, many of which have small factories attached to them They may have high hopes, but they also have little experience.

International trade

Foreign traders may find thet goods which they obtained pre-viously from Mofert-run cor-porations may be diverted to newly established or euthorised entrepreneurs with a bent for international trade Foreigners who want to invest or evolure who want to invest or explore technology transfer are likely to have a bewildering assortment of would-be partners auxious to make deals but without the capacity to follow np on their contracts. Much will depend on whether

Mofert and provincial and municipal authorities can exert control without stiffing initiative In the meantime, amerg-ing Chinese legal institutions may be too fragile to avoid being injured by the promised





LEFT: Most new offices are being located in hotels but prices are constantly escalating. RIGHT: Headquarters of the Bank of China, which with other leading government units vets foreign applications to set up business in the country

Patience is the vital commodity

Setting up an Office MARK BAKER

ONE of the first steps establishing a busines office in China is to remember that the Chinese invented bureaucracy and heve now refined it to a national art form.

Another thing to keep in mind is that tha Chinese hureancracy views every foreigner as the owner of a bottomless well of foreign exchange, and every foreign company as in the business of

philanthropy. You must bring to China bountiful reserves of patience, good bumour and cash. No matter bow many friends you think yon have in China, or how powerful they might appear, it is the great, grey juggernaut of the bureancracy that really runs the country. It is when you come to establish your Chinese base that its tentacles descend, dis-solving the warm memories of all those smiles and handshakes, banquets and moutai toasts of the honeymoon before

of grossly inflated rentals and wages (compared with local pay rates), new arrivals face chronic bureaucratic inefficiency, conflicting regulatory authorities and very restrictive operating conditions.

Despite these logistical and often uncertain commercial prospects, about 800 foreign representatives offices had been established in China by early this year—three quarter of them

The first step for all these equity joint-venturers, con-tractors, bankers and traders has been to find e Chinese enter-prise to be their partner or sponsor them through the edministrative maze.

The vast majority of the com-mercial foreigners in Peking operate one-man representative offices which are harred from engaging directly in profit-making activities. Their work is restricted to liaison work, consulting, market research and general information-gathering. They are not allowed to sign contracts or receive fees or Such representative offices other income within China, must register with the state administration for industry and commerce (SAIC). The Chinese sponsor or bost organisation assists with registration formalities, as well as helping to with accommodation, visas and property of the second

you signed the deal.

It can now be substantially
more expensive to establish
and operate e basic representative office in Peking than in

New York. On top

and permiting on the nature or
their business, newcomers must
be approved by either the trade
ministry, the Bank of China, the
Ministry of Communications

(Transport), the Civil Aviation botels located in Administration or other leading inaccessable parts of government units.

government units.

After extensive papework, an initial registration fee of Yuan 600 (\$234) must be paid to SAIC plus a fee of Yuan 100 for each resident representative. The reigstration must be renewed each year after payment of another Yuan 300 along with detailed reports on what tha office has done during tha previous year. For financial institutions, the registration period is three years, with three year renewals.

The rents range from about Yuan 66.

But most new offices are bothly not after permount to about Yuan 66.

But most new offices are bothly political meetings.

The salaries range from about Yuan 300 a month for drivers to as much as Yuan 1,000 a month for drivers to as much as Yuan 1,000 a month for drivers to as much as Yuan 1,000 a month for drivers to as much as Yuan 1,000 a month for drivers to as much as Yuan 1,000 a month for drivers to as much as Yuan 1,000 a month for drivers to as much as Yuan 1,000 a month for drivers to as much as Yuan 1,000 a month for drivers to as much as Yuan 1,000 a month for skilled graduate touple of years. Here the monthly rents range from about Yuan 66.

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Imported duty free

The office and representatives must be registered also with the public security, customs and tax authorities, office materials and personal effects may be imported duty free for an initial six-month period But there is duty and tax of more than 90 per cent on some major items, including motor vehicles and video recorders.

The greatest expense and complication is in obtaining office space and residential accommodation.

Only diplomats, journalists and airline representatives may rent the reasonably priced apartments and offices within the three foreign residential compounds in Peking The rest must scramble for scarce and

inaccessable parts of the city, whom are poorly trained and all the rents range from about of whom are required to report Yuan 39 per square metre per on their foreign bosses to month to about Yuan 66.

prices are likely to jump further still when the China International Trust and Investment Corporation (Citic) opens its 24-storey headquarters in the new year.

The building, the first modern office block constructed for the use of foreign firms, will be letting office space at about £32 per square metre e month —a stiff competitor to top rents

central New York, Paris, Loudon and Hong Kong.

Office staffing can also create considerable problems. Representative offices are effectively forced to hire all their assistants from a Government Agency, the Foreign Enterprise Service Corporation (Fesco). They are not allowed to use even foreign students or diplomats' spouses.

Fesco provides interpreters, secretarial and clerical staff, expensive space in hotels or the handful of other premises permitted by the anthorities.

The ceapest office space is in several grubby Soviet-built resco provides interpreters, note: He was quoted the was quoted strivers, bousemaids, even dance distance of about 10 kilome instructors and calligraphy Despite great protests, he teachers. But foreign offices still forced to pay Yuan several grubby Soviet-built have no choice in the selection for the simple removal job.

Fesco and the staff usually receive only about a quarter of the money paid.

The magazine "China Business Review," published by the National Council for U.S. China Trade, estimated in April this year that foreign companies must spend in the range of \$25.000 to \$10.000. \$35,000 to \$180,000, excluding salary and benefits, to maintain a representative office in China

with one expatriate staffer. The magazine said it was not uncommon for large multi-divisional corporations to spend more than \$1m a year "trying"

to do business with China.

The general calculations do
not, of course, include some of
the hidden charges which are often foisted upon unsuspecting foreigners by different sections of the bureaucracy.

A Western mining company

representative was recently forced, by a sudden jump in rent, to move from accommodation in the grounds of the Sum-mer Palace to a more modest hotel. He was quoted Yuan 9,000 to move his belongings a distance of about 10 kilometres. Despite great protests, he was



China North Industries Corporation

China North Industries Corporation (NORINCO), a comprehensive state enterprise integrating manufacturing and trade, is an independent commercial corporate body operating under the guidance of the government departments concerned.

NORINCO'S factories and institutions have a powerful economic and technical foundation and an enormous capacity in production. With its unique technical capability and immense commercial strength, NORINCO wishes to establish and develop wide-ranging technical and commercial cooperation and to promote business relations with friendly commercial organizations and individuals all

NORINCO has its headquarters in Beijing and five branches in Guangzhou, Shenzhen, Dalian, Tianjin and Shanghai respectively.

NORINCO engages in wide-ranging business activities, including the following main areas:

I. Heavy Industry

The factories and institutions operated by NORINCO own high precision heavy-duty metal-cutting machines, press-working equipment, metal forming equipment, melting furnaces as well as other equipment for manufacturing various complex metal parts and metal blanks such as steel castings, iron castings, investment castings, finish forgings, die forgings and free forgings.

NORINCO manufactures a wide range of industrial products in full specifications and of axcellent performance to meet the needs of all end-users. NORINCO'S heavy industrial products include heavy machinery, standard and custom-mada equipment, chemical processing equipment, construction equipment, heavy-duty vehicles, hardwares, tools and other heavy industrial and electrical products.

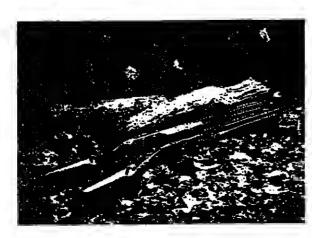
II. Light Industry and Chemical Industry

NORINCO'S light industrial factories and chemical plants possess up-to-date chemical processing equipment and utilize advanced methods. They produce different kinds of high-quality products including chemicals, high polymer materials, paints and coatings, explosives and related items, plastic products, labour safety devices and other light industrial products.

III. High Precision Machinery, Optical and Optical-Electronic Industries

In the field of high precision machinery, optical and optical-electronic instruments, NORINCO has rich





experience and demonstrates high capability in the following product areas: precision machinery. optical glass, optical instruments, photographic equipment, testing and measuring instruments.

IV. Technical and Commercial Cooperation

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The old school tie back in fashion

Groundroots of the Chinese education system, the nursery school. Almost all of the nation's mothers have a job ontside the home, with the nursery school playing the dual role of minder and

Schools and Universities

CHINA 8

COLINA MACDOUGALL

"YES, we've got some students from one of Canton's "key schools." the No. 2 Middle School," said Mr Liu Dawei, Deputy Director of the Foreign Affairs Office of

Elitism is the name of the game in China'e education today. Mr Liu agreed that your chances of getting to university, especially a key one, were slim achievement remains deeply under Deng Xiaoping a good degree is a passport to a more interesting life and possibly trins abroad. the chinese term for second-

than intellectuals. A young farmer we met selling greens in Xian market from the hack of beyond in Shaanxi province was used introduced about five years. Foreign Affairs Office of Jiaotong, at Xian in Shaanxi heyond in Shaanxi province was province, one of China's ten heyond in Shaanxi province was province, one of China's ten heyond in Shaanxi province was province was province was province was province was introduced about nive years ago, to enable Peking to commonth more than a professor. Intellectuals, the "stinking ricular schools."

Intellectuals, the "stinking ricular schools."

Canton's No. 2 Middle School is impressive, an attractive series of huildings set on the Sun Yat Sen

Elitism is the name of the rame in China's education oday. Mr Liu agreed that your dances of getting to university, specially a key one, were slim of you hadn't made it to a key niddle school (middle being the chinese term for second.

This elitist education policy is just beginning to produce is ground (small by English standard) and a brand new science building costing Yuan 400,000

"The nationwide university where many of these teenagers 15,000 by the end of this ground (small by English standard) and a brand new science building costing Yuan 400,000

"The nationwide university but moved to a new home in Kian in 1956 to belp develop inland China, the number of pupils is just beginning to produce is getting places from 14 per cent up the number of pupils getting places from 14 per cent to 90 per cent," said Mr Chiang Zhileng, school manager and party boss, "With extra coaching for the slow ones, we hope to make it 100 per cent next This elitist education policy is just beginning to produce

why anyone should bother is some of the trained minds the surprising when there must be millions of peasants and workers who earn far more than intellectuals. A vocation is just beginning to produce some of the trained minds the country needs for its modernisation. It is also pushing for more money and status

Cultural Revolution, have had tive series of huildings set on a hard time in China. But a hillside near the Sun Yat Sen

The school has a stiff entrance exam. Naturally the consequence is that only 35 per cent of the intake comes from worker families, compared to

70 per cent in the normal schools. The rest are split more or less evenly over cadres, intellectuals (in this context, while collar jobs), small businessmen and former capitalists, Mr Chiang said, adding that a

under the last category.

For such a high-pressure establishment, the teenagers fooling about on the sports ground seemed surprisingly The university has set up normal. The last two periods computer science as a degree (volleyball and the like) and the school corridors were full of chattering groups eager to practice their Eoglish.

few suhurban peasants came 'in

own students from all over the country. "We don't pay much attention to political heck-ground" sald Mr Liu. "What

Brighteyed students

matters are exam results."

Jisotong was the first univer-Honeywell DPS 8 medium-sized computers, funded by the World Bank, and the government used it to process the national census figures.

The day we visited, the com-puter room was full of hright-eyed maths and engineering students, a totally adifferent breed from the traditional middle-aged cadres from the university's Foreign Affairs Office who were escorting us.

The university has set up course independent of the earlier electronics course, and

To fund these projects, the university gets Yuan70-80m a year from state. Is this money well spent in terms of what graduates are then able to congraduates are then able to con-tribute to modernisation? "In the last couple of years, they've been able to go on to suitable jobs," said Mr Llu. "If they don't like them, they can ask for a change within six months, if they write to us, we can help them."

Mr Liu's colleague Mr Yar Ciming laughed aloud at this. In the past, and probably still, intellectuals have had little pull with government officials.

with government officials.

Teachers pay has been a measure of this—at Yuan 150 per month for a full professor it is way beind what many other workers can now bring home. The government has produced a draft plan for selaries, which we're now discussing, said Mr Liu, "We should get a decision next year." With this better pay and conditions which will onhance conditions which will onhance is expanding its modern science their status, academics should departments. There more influence in how more influence in how the present 8,000 students to power.



Painfully slow moves away from bureaucracy

Management

COLINA MACDOUGALL

"I GOT 20 telexes in one day," sald the Chinese manager crossly to his foreign opposite " How do you expect me to cope with so much work?"

"Cash flow? What's that?" said another.
"Leasing? If we lease equip-

ment we'll end up paying more for it and we still won't own commented a third. "Every time I make a photo-

China still bas a long way to go in improving management.
Simple office procedure is involved.
They appear not to have thought about what other incenplenning and administration of twest they could provide which large schemes hopelessly in-adequate. Io Chine, the further any case they probably fear the you go from outside influences the more rigid the management, the legacy of years of Soviet influence and centuries of bureaucracy.

Inefficiency

Peking has woken up to the problem and has begun to spring-clean the Government and the party. Year after year, atarting from 1979, the premier's report et the National People's Congress has castigated the waste and inefficiency in factories and offices. Yet progress goes on at a anall's

In Nanhal East, the Canton subsidiary of the China National Offshore Oil Corporation, which is in charge of offshore drilling in the eastern section of the Rongfe, Deputy Director of the General Manager's office, is

system reform." In the con-struction companies working for foreign joint venture staff in Canton, total disorganisation relgns as painters arrive hefore plasterers, plasterers before electricians.

The problem for China is so vast that it's difficult to know where to begin. The main route the Chinese have chosen is to encourage foreigners to go into joint equity ventures with them so that when they get the technology (for oil, electronics or botel management) the foreign slde shows them how to make heat use of it. best use of it.
Possibly the Chinese could

get along faster if they hired managers or consultants to run copy, I have to get written permission from the deputy
manager," said a junior member convinced that no foreigner
of staff.

> the domestic scene would carry irruption of foreigners on to colonialism.

A few tentative steps bave been taken in importing managers in Guangdong nrovince— where for instance a Hong Kong supervisor checks quality at the Chen Cun garment assembly plant outside Canton-but Guangdong is far in edvance of other regions because of its proximity to Hoog Kong.

Other gredual progress has started there. Foreign oil companies hased in Guangdong say their meetings with the Chinese bave become much more frequent and less formal.

China has one management college at Delien in Liaoning, set up with U.S. help several years ago. But its influence is extremely limited because of the size of the country and the very traditions of bureaucracy lack of serious interest in and waste that Peking would "studyiog our country's business studies elsewhere.

In Canton, for instance, the Overseas Chinese University has what is said to be one of the best four or five economics col-leges in the country, but although business studies are taught it is mainly the Overseas Chinese students, who form 70 per cent of the university's pupils, who take the course. The locals study central planning instead.

Little contact

The university sent staff to Dalian for training when it first started, hut since then there appears to have been little con-tact. This year only one man is going, and he will be looking at the library, not taking courses. At Jiaotong University in

Xian the situation is similar Admittedly it specialises in science and technology, but as one of China's 10 "key schools" one would expect at least an accounting course as part of the teaching of plant management." There isn't one," said Mr Llu Dawei, deputy director of the university's Foreign Affairs Office.

"In the management en-gineering course, we teach foreign and Chinese plant management," said Mr Liu. "It includes maths, physics, chemistry, engineering, comscience, puter theory of control and systems engineering. Our students bave foreign material in the

was not altogether This accurate. Although the post library graduate metallurgy journals foreign end similer, there appeared to be no management texts. Undergraduate students are not allowed to use the foreign library.

"Our students gain experieoce in Chinese factories," explained Mr Liu. Sadly, this seems likely to perpetuate the like to abolish.

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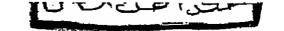
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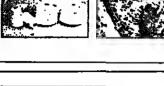


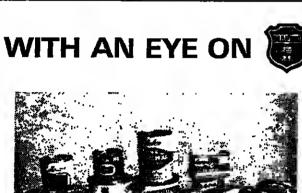












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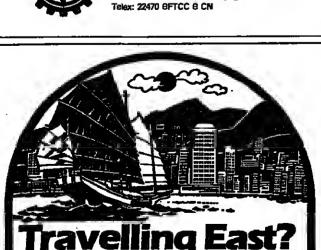
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Fencing in ideological problem

Shenzhen MARK BAKER

CHINA is building a new wall. It stretches through the hill country north of Hong Kong: a three-metre high barrier of spel mesh topped by triple strands of barbed wire. It has shoodlights every 50 metres and familities for a 24-hour guard of police and military units. When it is put into operation later this year, the new boundary will not be protecting the territorial integrity of China. Its purpose is to divide the citizens of China and it will be as arbitrary as the Berlin Wall.

citizens of China and it will be as arbitrary as the Berlin Wall.

The fence runs as close as
10 kilometres to a similar high
barrier that defines the boun-dary of the British colony of
Hong Kong. The 327 square
kilometre strip of territory in
between is the Shenzhen special
economic zone.

economic zone, Six years ago Shenzhen was a quiet valley of rice paddies, sleepy villages and fishing inlets. Its total population was about 30,000 and the tallest building was two storeys, Apart from being the route by which many mainland Chinese attempted to sneak into Hong Kong, nice lychees were about all it was known for. ll it was known for, Today Shenzhen is a bursting

metropolis of 350,000 people. Its central business district is e central business district is e nest of skyscrapers, some over 40 storeys, end factories are sprouting across the old farming land. There is a big port, a nuclear power station is being constructed on the eastern boun-dary, work has started on a six-lane motorway to Canton and lane motorway to Canton and plans have been approved for an international airport.

an international airport.

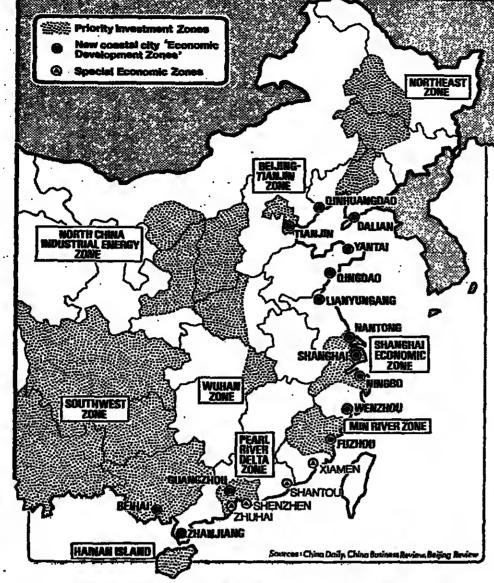
Shenzhen is the biggest of China's four special economic gones (SEZs), the "open doors" of China's bold policy to speed modernisation by embracing Western capital, technology and business expertise. It is the most tangible evidence of the Chinese leadership's commitment to embracing capitalist methods to achieve its socialist ends.

Shemhen is also presented by the Chinese leadership as proof that they can and will preserve the stability and prosperity of Hong Kong after the British depart in 1997. That pledge has created enormous logistic and ideological problems for the Chinese Communist leaders. problems obvious already in

operation. Shenzhen will be operation. Stenzhen with be sealed off from the rest of China as effectively as Hong Kong is now. No ordinary Chinese will be allowed in without a reason and a permit. Once the territory is secure, Peking plans to create an in-dustrial and commercial centre more capitalist and unfettered than Shenzhen is already. The naw city has become a tragion will have its own currency, most controls on wages and prices will be lifted and, as far as the Chinese are concerned, there will be minimal control on movement between the area and Hong Kong.

But the fence is as much a traging to China, especially the young. China, especially the young control on movement between the area and Hong Kong.

The naw city has become a magnet to Chinese from Canton, from rural areas of the surrounding Guangdong Province and from more distant parts of China, especially the young. Shenzhen materialism rules. Young lovers preen and parade in make-up and mini skirts and



symbol of China's nervousness about the radical economic policies it has adepted as it is proof of commitment to those policies.

In Shenzhen, the three other SEZs and in 14 cities along the eastern coast recently given new freedoms to negotiate

new freedoms to negotiate foreign investment, China is attempting to emulate the spectagular economic success of

Hong Keng.

The obvious dilemma has been to try to justify in terms of socialist theory the use of such patently capitalist methods. The other, probably greater problem is how can you allow such a great influx of Western ideas, riches and technology without undermining what is

The speed of change will need more than barbed wire and armed guards to quar-Shenzhen has already become

a place of almost "cargo cult" glamour to people throughout China, second only to the materialist Nirvana of Hong Kong.
The new city has become a

Glittering department stores of chrome, mirror glass and plush carpet are crammed with evens and foreign liquor and cigarettes.

Shenzhen is the only place in South East China where ole are allowed to tune into Hong Kong television.
The Chinese anthorities have

been alarmed by indications that criminal "Triad" groups from Hong Kong have moved into Shenzhen with small-scale rackets in smuggling, drugs and illegal migration.

Decadence

The signs of decadence in first half of this year, the four Shenzhen have hardened the zones signed 353 agreements views of critics of the "open involving the use of \$268m door" policies within the Chinese hierarchy and given fuel to the small minority which is firmly opposed to the more liberal approach of China's leader, Mr Deng

There has also been a strong There has also been a strong strong strong of the Guangdong Provincial Government, against the Shenzhen fence. It is argued that it is strong the first two years of a new unfair and ideologically unac-ceptable to draw such an arbitrary division between

fake designer jeans. Youths in earlier this year he gave an leather clothing and reflective unequivocal endorsement to the sunglasses ride imported motorzones — and to the longer-term
"hands off" strategy for Hong
Kong — in a special inscription
he left: "The economic development of Shenzhen proves that

the policy to set up the SEZs is right." zhen, has been astonishing. China has already spent \$1bn on infrastructure in Shenshen, and more than \$400m has been spent and another \$20n committed by foreign investors to establishing new enterprises and industries in the zone.

About 80 per cent of the foreign investment in joint ventures is by Hong Kong Chipese, but there is an increasing amount from Japanese and Western businessmen. In the

about half of it in Shenzhen China offers considerable incentives to attract the foreign capital and skills to the zones and the 14 coastal cities. The income tax rate is 15 per cent
—lower than Hong Kong and
Singapore—and the Govern-

venture and a 50 per cent tax reduction in the subsequent three years of operation. Enterprises are allowed to hire and But Mr Deng is undaunted by fire their own workers and such opposition. During e tour negotiate on wage levels. Land of Shenzhen and the other SEZs rentals and service charges are

generally lower and investors can negotiate most contracts directly with local officials, avoiding tha "red tape" of seeking approval from higher authorities in Peking.

The development of the zones is a massive commitment by

of a massive commitment of the west but the Chinese leadership knows that without foreign co-operation it cannot echieve it's primary economic goal: to quadruple the value of the country's agricultural and the country's agricultural and industrial output by the turn

of this century.

The leadership also knows that it must succeed in the zones to prove its credentials zones to prove its credentials for winning future, larger-scale foreign investment and to ensure the continuing prosperity of Hong Kong. The economies of the Colony and the zones, especially Shenzhen, are already heavily inter-dependent. Hong Kong provides Peking with a third of its foreign exchange earnings and is one of its most important markets.

Diplomatic priority

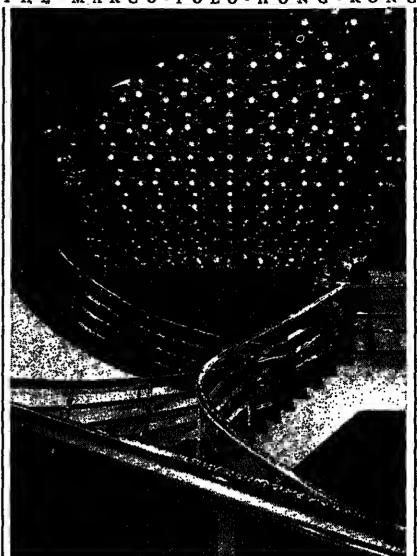
Hong Kong is the centreplece of both China's long-term economic strategy and its high-est diplomatic priority: national reunification. Now that the agreement with Britain on the return of Hong Kong has been initialled, China has switched its effort to securing the return of what it regards as the other large piece of alienated Chinese

territory: Taiwan. Tha nationalist Government on Taiwan bas for 35 years bolstered its fragile independence from the communist motherland by its vigorous suc-cess as a modern capitalist ecocomy. The reunification Peking has falled to achieve through pleading and diplo-matic pressure, it now hopes to achieve by accommodating itself to Taiwan's success.

treelf to Taiwan's success.

The concept of "one country, two systems" which Peking has hatched to enable Hong Kong to continue for 50 years as an independent capitalist economy within Communist China, was embodied in the new Chinese constitution with Taiwan also in tolad.

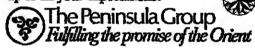
in mind. It is a fantastic scheme, but one which makes it easier to understand why Mr Deng is prepared to accept a little Western decadence in Shenzhen, albeit behind the safety of a steel mesh fence. THE MARCO · POLO · HONG · KONG



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Off on another long march

Open Door Policy ALAIN CASS

CHINA'S open-door policy marches on, Earlier this year 14 additional cities were opened to potential foreign investors. These include Dalian, Quin-huangdao, Tianjin, Yantai, Qingdao, Nantong, Nongbo, Shanghai, Baihai, Lianyungang, Wazhou, Fuzhou, Guangshou Washou, Fush and Zhanjiang.

These cities along with the existing Special Economic Zonea, will be given greater freedom to attract foreign investors by offering individual incentives. Already many of them are copying some of the major provinces and SEZs in preparing seminars for foreign busi-

The opening of the 14 cities took place, according to some reports, against some lingering left-wing opposition chiefly among senior army officers. The move represents possibly the move represents possibly the most important atep forward in Deng Xiseping's open-door policy since the setting up of the first SEZ in 1979. An important meeting of the leader-ship was held around May to push through the setting up of the new foreign investment zones. And it was at this meeting Deng's policies came under fire.

Another important development has been the creation of a super-trade some to the city of Chinqing, second capital of Sechuan, China's most populated province. The city has been given extraordinary privilines to deal directly with foreign investors, to trade with firms abroad without passing through either the provincial authorities or the relevant

nic relations.

The major reason the city was chosen appears to be the fact that Sechnan is the old stamping ground both of Deng and Premier Zhao Ziyang, chief exponents of the open-door policy. To back up these kind of de-velopments the leadership has also sought to put some order into the state economic hierarchy. The Ministry of Foreign Economic Relations and Trade (MFERT), first created in 1982 with the aim of consolidations and ministries and provides ing two ministries and provid-ing greater central leadership in foreign investment and trade, has been slowly asserting its

Foreign technology

For instance MFERT's tech-For instance MFERT's technology import-export department plays a key role in the approval of foreign technology. There is a need for such a coordinating role since the proliferation of provincial and city export-import organizations competing not only with each other but also with the ministries still functioning in the field of foreign trade at national level.

China has also sought to fiesh out its existing lews to reassure out its existing lews to reassure foreign trading partners. These are more fully discussed elsewhere in this survey. Briefly, however, they include details of the joint venture lew first passed in 1979 and legislation envering company registration, labour management, SEZs, foreign enterprise texation, exchange control, offshore oil and marine environment protection. marine environment protection.
A patent law and foreign contract regulations are on the point of being released.

This battery of reforms was

Central Bank by giving the People's Bank of China that organised into the new Industrial and Commercial Bank, in charge of the country's day-to-day banking business. Then the Bank was given authority to perform ell the usual functions

currency, set credit ceilings and act as the state's treasury. Quite what effect the new superbank will have on China's economic management and its relation with foreign countries, if eny, remains unclear. Tha Bank of China, for instance, appears to retain responsibility for foreign trade, relations with foreign countries and inter-national organisations and so on. But observers saw it as yet another building block in the

of a central bank such as issue

leadership's ettempt to present a more coherent and credible trading image. trading image.

The result of all this reform is that China, today, is a much more complicated place to do business in than it has ever been. There are now dozens, possibly, hundreds of enterprises, ministries, cities, and states or local agencies allowed to do business with foreigners. There are even, according to the Bank o fChina, some 18,000 individual Chinese citizens with bank accounts totalling \$75m in

foreign exchange ready and able to deal with foreign companies. As a result foreigners can now do business directly (at liberalisation has created foreign operating at several levels. These include national foreign results opportunities for seiting than ever before. But the liberalisation has created formidable problems of its own. Things are also much more complicated. It's more importtrade corporations, such as the ant than ever for foreign busi-import - Export Corporation nessmen to be clear about their (Equimpex), which operate under individual ministeries: bas "real" anthority to do the more amorphous cross- business with them,"

bank accounts totalling \$75m in

ministries and, most important, to be directly responsible to the China established its own China National Petrochemical State Council for its foreign Central Bank by giving the Corporation (Sinopec), which has jurisdiction over 39 petro-chemical industrial complexes stages. First the Bank's State Council; national corporations, such as the Bank's State Council; national corporations, such as the Porcelain Insulators Joint Export Cor-poration, which only have authority to export; ragional or local corporatins, such as the China Najing Radio company; the provinces themselves and the new open cities.

Decentalisation

Despite the apparent benefits f this decentralisation trading is not as simple as it may sound. In practice it is not elear exactly who among this plethora of new bodies has authority to trade or authorise foreign investment directly foreign investment directly other than major centres such as Shanghai, Gnangdong, Beij-ing, Fujian, Tianjin and Chungqing. Neither is it chunging. Neither is entirely clear to many busin men, who, precisely controls the release of foreign exchange. Nor, finally, is it obvious who has ultimate authority over product lines, as the battle between the China Automotive and the china automotive of the china auto Industry Corporation and Equimpex, the Import-Export Corporation, over foreign trade

in cars demonstrates.
Said one diplomat: "In some ways it's easier doing business in China. There are more doors to knock on. It's also the case that there are many more real opportunities for selling anthority to do

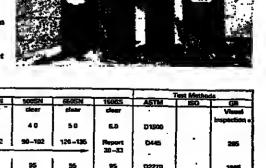
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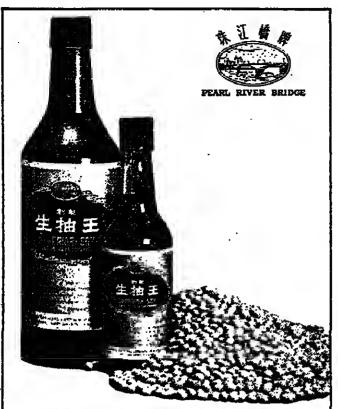
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Commercial genie set

free from the bottle

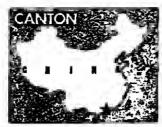
In Chinese cities it is usually impossible to get a meal after 6 pm. Canton, one of the world's great river ports, is different. Along the lamplit waterfront opposite Shamian island customers eat at pavenent cafes far into the night. The length of the dinner hour

is paralleled by the variety of the menu. Even the White Swan hotel, built with Hong Kong money and pride and joy of the city's modernisers, offers casserole of bat and braised sealion, while the huge free markets sell enchanting little monkeys destined for a gruecome death on the dinner table.

The Cantonese are among the world's liveliest and most commercial people, and private business and foreign investment have rocketed since 1979. Deng Xizoping, China's leader, let a powerful genie out of its bottle in 1978 when he introduced economic flexibility. Guangdong generates 10 per cent of China'a foreign exchange earnings and ties with Hong Kong get thicker every month. every month.

When Deng came to visit last pring, he was so impressed that he returned to Peking, called a meeting and at once raised the meeting and at once raises the number of Chinese cities with special foreign trade privileges to 14 (two of them, Canton and Zhanjiang, in Guangdong).

Since then officials by the dozen from all over China have trooped through the province, said Prof Gu Nianliang of the Centre for Guangdong Social and Economic Development



A city genuinely different from others in China

Studies (Canton's thinktank). It's an example for all China.
"Since 1978, workers' earnings have gone up by over 60 per cent to Yuan 1,022 (\$398) a year, and the farmers' earn-ings have more than doubled to Yuan 395," reported Prof Gu. "Annual farm and factory output has risen by more than 8 per cent a year."
"Canton is genuinely different

from other cities," said another official. "Things are so much easier here. For instance, a foreigner can just telephone for an appointment here. In other places the property of the places are property to the places. other places you need permits in triplicate from the local Foreign Affairs Bureau before

canyone will see you."
Canton and its hinterland have abundant advantages. The city is the natural commercial

Yuan 3bn deal for a Canton-Hong Kong motorway. " We Hong Kong motorway. "We badly need it," confined vicemayor Liu Lanzhou

Colina MacDougall profiles Canton, China's most dynamic economic province.

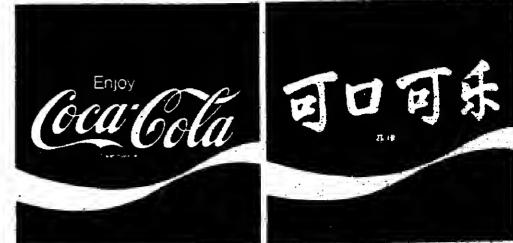
"With 4.000 factories, we have a big industrial base," said vice-mayor Liu. "With oil offsbore, the most likely new development seems to be petro-chemicals. We also want to develop smaller projects with medium sixed foreign com-

"We're already working on the seventh five-year plan, starting 1986," said Prof Gu. "Provincial projects may include an oil refinery at Shantou (an odd site, but that's where an Overseas Chinese investor wants it), a fertiliser plant on Hainan, a float glass plant at Shekou in the Shenzhen Sez (Special Economic Zone), and factories in Carton making colonr tele-vision tubes, integrated circuits and photocoplers."

Concessions offered

"We're planning a new indus-trial zone at Huangpu, down-stream of Canton," declared vice-mayor Liu. "This will have most of the concessions offered by the Sez. The final area is expected to be 50 sq km, but we are starting with just 2 sq km."

Last year the province earned US\$2.3bn in exports, and this year's total is expected to be centre for south China. A new higher. It has already attracted railway to Zhanjiang, the oil 723 co-operative ventures, 158 port in south Guangdong, will he finished by 1986, and the city is pressing Hong Kong's ings from tourism last year



Symbol of an increased emphasis of free marke is. Cocoa Cola appears under both these labels within China

were estimated at about \$400m.
"All our hotels are packed,"
said vice-mayor Liu. Certainly
the tens of thousands of Overseas Chinese and the local rela-tives who surge unremittingly through the new hotels and through the new hotels and restaurants are impressive in number. But the sight increasingly prompts the question of how the Government will satisfy the locals' growing desires for comfort and fundamental control of the confort and confort a And the gap between Guang-dong and inland China is

dong and inland China is growing.

In the rush hour one September morning, traffic at a Canton crossroads swept past a truck converted to an impromptu platform. On it stood half a dozen dejected looking characters under guard, while a policeman roared out their evil doings through a megaphone.

"Economic criminals," said one passer hy. "They won't be executed but they'll get long pirson sentences." No one paid much attention. The saine applied to the fresh posters

applied to the fresh posters announcing executions. In Canton they have other things to think about. Making money is

Eager to expand oil business

"GOD has given the UK Aberdeen—surely he will do the same for China," laughed Mr Lin Lianzhu, quoting the words of a senior RP man. In his middle forties, married with a son in senior school, Wr Lin's human must have with a son in senior senior, Mr Liu'e humour must have hidden a touch of anxiety. He is one of the Camton municipality's officials in charge of oil development, and after a year's drilling EP has not found oil in commer-

Mr Liu's career is typical of the younger officials new rising fast in China's more streamlined bureauctacy. In the usual southern cadre's rig of pale-bue shirt and beige transers (but shoes and socks, not plastic sandals, as befits his stains), he chats easily and happily with foreigners.

with happily with foreigners.

Vice-mayor for only 15 months, Mr Lieu was prometed from senior engineer in a machinery factory in Guangzhou. Born and bred in the city, he studied radio technology in Leningrad between 1955 and 1960. He worked in Shandong for 10 years, unscathed by the Cultural Revolution because of his youth, and was sent to Guangzhou in the early

English—but I don't

expect to be using ff again for a while," he said writy.
... This is my first experience of manicipal administration," he said, "Fm responsible far industry, especially the oil business. Fve airsady had the

posiness. I've aiready had the chance to travel to Italy, West Germany and Switzerland. Mr Lin is an accomplished politician. He denied that the corruption and smuggling which the Chinese leadership has continually attacked ex-isted on any stale in isted on any stale in Guangzhou. His staff looked surprised, but Mr Liu knows such reports give the city a bad name.

Joint-venture basis

He is also eager to get more oil business. "We want to develop an oil district in Guangthou," he said. "We hope to have in oil refinery processing 2.5m toms of crude oil, but we also need offshore servicing companies that we are looking for partners, prefetably on a loim-venture

He didn't believe there were any leftists in Guangxheu, though other provinces have been running a campaign for months to re-educate or dismiss these relics of the Cultural Revolu-

Keen to develop industry

ONE OF CHINA's richest men lives in a new four-storey house in a lush green village outside Canton. With an annual income of around 30,000 yuan (around £9,000), he has a colour television on every floor and holidays with

his family all over China.
Sadly, he was not available for interview the day I visited. He had taken his wife and children by taxi to a bot spring resort 80 hilometres

Wang Ming is an expert gardener. Every balcony and ledge in his new dwelling is lined with young camellia trees—3,000 of them, selling at 3 yearn aplece. Outside is a plantation of jasmine. On top of that, he runs the local state-owned plant nursery, for which he is paid 240 yuan a month plus profits. And three of his children have good jobs

in factories. Like everyone else in China, he dates his prosperity from the end of 1978, when Deng Xizoping took over. Before that he lived in grinding poverty on 40 years a month, with only the 18 camellias he was allowed to raise as a side-

Raising flowers The Chen Cun district (or

commune, as it was until recently), where he lives, had a 500-year-old tradition of raising flowers, but under the gaing of four it had to grow

Now Chen Cun is reverting. Camellias, Jasmine and decor-ative Orange trees are the most profitable crops. The jasmine supplies a local teaprocessing plant where the flowers are added to Jiangsu

Chen Cun lies in the fertile delta region of Shunde county, adjoining Canton. When, in 1979 Peking switched to a flexible economic policy, it was well-placed to start up a luxury trade and diversify into light industry.

"The policy change came in the nick of time," says Huang Guishen, director of the Chen Cun district. "We only have 3,000 hectares of cultivable land and a population of 58,000. The state was having to give us an extra 100 tons of food grain a year as our farmers were too poor



One of Canton's 4,900 factories, this time producing television

to buy grain themselves."

Now the rice acreage has been cut by more than half, and the land devoted to sugarcane, fish farming and flowers. Mr Huang plans to turn another 200 hectares over to the most profitable crop, the flowers.
At the same time, industry and business has rocketed.

From 10 factories before 1979, the number has shot to 70. "Anyone who wants can open a shop—last year over 1,000 people applied for a licence. Nearly four-fifths of the district a Yuan 3m income now comes from factories and businesses.

"We're keen to develop

industry," says Mr Huang. "We've got three or four stone-cutting works and brick factories, but we'd like more. We're processing components from Canton and nearby Foshan, even from Hong Kong and Macao. We've set up joint ventures making ceiling tiles and assembling fan motors and cassettes."

Seventy per cent of Chen
Cun's inhabitants have
relatives in Hong Kong, "I
have myself," says Mr Huang,
adding swiftly, "not everyone's relatives are rich enough to set up a factory.

"But I've been to Hong Kong—I stayed in the YMCA." One joint project is

the Chen Cun garment factory, set up with Hong Kong's Sin Yie Company. In a long, light upstairs room a a tong, ugar upstarts room a hundred girls sit chattering while they machine anorak parts. Materials come from Heng Kong, and Chen Cun gets paid for processing. But, even in China, private

business carries risks, as Mrs Ma Xiaohuan's family are finding out. Her husband and two other men rent two trucks from the collective, for which they pay 1,000 year a year each. Last year they sold one of the trucks because it hroke down once too often, replacing it with a new one.

They are still paying off the

has gone into a decline. "There are 170 trucks here," says Mrs Ma, "There's not enough work. A lot of farmers enough work. A lot of farmers now have their own, and over-seas Chinese have given trucks to the district admini-stration, so there's fierce composition.

"We can't take the goods very fax. We drive to Camton, and they go on by train to the north or to Hung Kong. We have the to Hung Kong.

My husband has to work very hard, even though he gets 250 yuan a month, a good wage. We're certainly not thinking of expanding."

Business experience has to be learned the hard way. But Mr Huang the district director has caught on very quickly. He charged the Financial Times 4 yuan 25 a consultation fee, for the time spent discussing his district. Cheque-book journalism has

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Farmland gives way to flats, restaurants and hotels

secretary. He runs a three-floor resteurant and he's about to mune have been overtaken by we picked four for a six-month

events.

In Guangdong, communes are now called districts and production hrigades are called townships—confusingly, because that's often not what they are. His brigade, or township, has heen all but swallowed up in suburban Canton. suburhan Canton.

It was Sunday. Mr Ou was peacefully at home, in a spa-cious new traditional-style village house in the Llangring township, in the Haizhu district south of the city. "My children have all gone to a wedding," he explained.

The old village of Liangxing has been rebuilt and the muni-cipality has absorbed much of its farmland to build blocks of flats. Where there used to be a rural slum, there is now decent if utilitarian bousing and a passable road.

mud, adjoins the flats. "We still paddy fields so the com-had to find jobs for 800 people." munity remains very much a he pointed out. "Of those, 80 per cent were farmers who losi their land to the municipality. The restaurant was funded by Haizhu is a developing area the collective and by individuals did it then wasn't altogether

EVEN in Canton, Mr Ou Zhun-ming is an unusual local party "Those employed are mostly secretary. He runs a three-floor young people—the older ones will get jobs in other enter-huild a 26-storey hotel. Tanned and rugged looking in his blue trained in hotel work, though jacket and grey trousers, he officially manages what was a advertised the jobs among the brigade in a rural people's com-mune hut both he and the com-applications. After an oral test training course, and then we'll take another batch.

"The hotel will have 500 rooms, three restaurants and a three storey shopping arcade. Our budget is for yuan 2.5m (\$973,500), some of it from our collective funds and some investment from the state. (We discussed making a park here, but the municipality was very keen on the botel idea and it provided some funds.) With our budget, it's going to be a middle-class rather than a luxury hotel."

Jolly atmosphere

Across a busy road is the three storey restaurant the township already runs. It reputedly has excellent food and reputedly bas excellent food and to improve our people's life, a jolly atmosphere, since it's particularly the peasants life," particularly the peasants life," "We started to develop His botel site, still a sea of three years ago the district was

and the Canton mayor bimself who are getting a 60 per cent suitable. I'm sure we've got it came to our ground-breaking return on their money over 10 right this time."

years. "We shan't do this for the hotel, though," said Mr Ou. "It's been far too much trouble."

"We've got a population of nearly 6,000 bere," he went on. "Of the rest, a 1,000 work in industry. Our land is restricted, as we're so near the city. We've got a factory processing tapes for a U.S. company, and our production teams (as they were small restaurants soon after 1979. However, we have to create more jobs."

Mr Ou's relaxed manner when confronted unexpectedly by a foreign journalist at his front door is one sign of how far Guangdong, if not the rest of China, bas changed in the last five years. In 1979 it was inconceivable that one should meet officials without an appointment and at their homes.

What did Mr Ou think of the

new flexible policies? "As a party member with long experience, I think the purpose of our party in waging a long and terrible liberation war was industries in the countryside in

1958 (Chairman Mao's Great Leap Forward). We knew we

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Technocrat at the top in Shanghai

MR Ruan Chongwu, Shanghai's senior vice-mayor in charge of the economy, is a former diplomat and looks the part. He spent four years in Bonn as scientific and technical counsellor at the Chinese Embassy, speaks finent English and is expected to take over when the present mayor retires.

Elegantiy chad in a pale grey suit, with years of ex-perience in a Shanghai factory, he is one of China's up-and-cuming young techno-crats. He ably defends the city against criticisms that it bas been slow to sign up deals with foreign investors and modernise its economy.

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"We've got \$450m spread over about 35 enterprises so far," he says. "Four of these are pretty large—Filkington, Vollawagen, McDonnell Doug-las and Belgian Bell, They're worth \$225m.

"I know Shanghal is slow compared to the special economic zones, but 90 per cent of our revenue goes to the central government in Peking, while the Special Economic Zones pay no taxes. Shanghai contributes one-sixth of the malional budget that's so vital to the rest of China that we must be cautious in making chages. look deeper for ressons why

"The central committee has decided te give Shanghal more flexibility and we're holding a meeting soon to take decisions. We've got twe special development zones, Minhang and Hongqiao, and we badly need new hotels. Shanghal gets 6,000 business visitors a year."

Foreigners living Shangini agree that it has severe financial problems but look depeer for reasons why modernisation is slow. "Shanghal's been ahead for so long, efficials have grown arrogant," some say, "There are very strong entrenched interests in the industrial bureaucracy."

There are also the usual official conflicts of interest. "If the economic construction office says its setting up three fish farms, the economic re-structuring office says; Great;

The neighbouring province er Jingsu has now everthen Shanghai in output, and foreigners who have given up on Shanghai are putting their money there instead. In the years 1983-85 the city was allocated Tibn worth of foreign exchange by Peking but they're far short of spend-ing it. This is some indication of the speed of section-"We have plans to modernise

"We have plans to product the roads with five new high-ways over the next five years" says Vice Mayor Ruan. "We also want to up housing construction by about 25 per cent. We're short of power, and glan a 1200 MW plant near the Yangtse mouth pins an additional 350 MW at an existing power station. By 1930 we should have our 300 MW nuclear plant at Qin Shan on strong."

This sounds good but will

This sounds good but will materialise? "Don't think it materialise? "Don't think Shanghaj people are lary," says Mr Ruan. "They're just very therough, like the Germans. When they make an agreement, they stick to it. And don't forget Hong Kong's richest millionaires are from Shanghal."



LEFT: New berths being built at Shanghal's No. 9 port. RIGHT: View of the city looking towards the Huang Pu river.

Farmer on the way up

father was out. The floor of the ramshackle house was beaten earth. The family's sparse goods were in one room, the cows were in the other. The living quarters had an eld cupboard, a table, a chair—and a ladder up to the cock loft where the family slept. "We only have meat a couple of times a month," said the youth. "We're saving our money to pay for our new house."

This was the registy of the projection brigade itself a city of 3m inhabitants. Ironically, the production brigade itself a city of 3m inhabitants.

our new house."

This was the reality of the new "responsibility system" in poor north-western China. With six dependents, Xie Hong's father had been in constant debt before the system was cautiously instituted in 1979, Now that he keeps cows, he's rated by the commune management (they still call them com-

cows, and sell the milk to food processing factories in Xian.

They earned Yuan 10,000 The commune management is (\$3,900) this way last year, but anxiously looking for projects one cow died and the motor- to employ other farmers to

one cow dien and the motor-cycle they bought to deliver the milk with was too small to carry the churns. The new house is costing Yuan 15,000 to build (it will have six rooms), compared with the Yuan 14,000

HE WAS a thin, shy lad of 21, mnnes in Shaanxi) as one of centuries, of grinding poverty he bad a skill (he had worked minding the cows while his their richest members. But that preceded it.

Xie Hong's family have five had learned how to raise milk had learned how to raise milk output and keep them fit).

> boost their incomes. They already have a fair number spread over their 18,000 members, but they must have more build (it will have six rooms), compared with the Yuan 14,000 they hope to earn this year. When the house is finished, though, the family can double the number of its cows hy using the old house as additional barn space.
>
> The responsibility system has meant a vast improvement in the family's standard of living, but from an abysmal level. Xie Hong's father was lucky since ask them to come and see us." ask them to come and see us."

Bumper harvests boost exports

Agriculture COLINA MACDOUGALL

FOR PROBABLY the first time in living memory, China has a grain surplus. Last year the Chinese claimed an output of 387m tons, and, according to U.S.-Department of Agriculture let the possents run them officials in Peking, this year the

This is reflected in the bulg ing free markets and rising standard of Hving throughout China. The markets bulge rather less in the North and West than in the warm, wet river lands of Central, South, and South-West China, but even there food is more plentiful than in the past.

One striking feature of the farming scene has been China's surplus of corn. Jillin province, in north-east China, last year had a bumper crop, and contrary to all previous Chinese practice was allowed to export

In consequence this year Im Japan and Houg Kong, U.S. officials say. This is not the first time in recent years that China cent and in 1982 and 19 per cent in 1983. The forecast for this in 1983. The forecast for this has soid grain, since rice is regularly exported from the south, but it carries much greater significance.

ond den't forget Heng mg's richest millionaires helping to pay for China's big wheat import. Corp. on the other hand, has been the staple diet of numerous poor peasants

Making a big splash with irrigation of vegetable fields tons of corn have been sold to in North China until a year or rural the Soviet Union, South Korea, two ago. rural policy successfully.

Another is the moch increased availability of fertiliser, produced by new plants which have two ago.
Wheat output has increased

year is for a crop of 85m tons, commodity prices, varying from compared to 81.4m tons last 15 per cent to as much as 50 per China's rice erop, at around incomes, has given poor North pays to the farmers.

China's rice erop, at around incomes, has given poor North pays to the farmers.

China farmers the chance to eat wheat, which they much responsibility contain a solution as 50 per cent, which the Government pays to the farmers.

The fourth is Deng Xiaoping's eat wheat, which they much responsibility contain a solution.

The surplus crop is proving a problem for the Government. Peking has to buy it from the peasants at the high prices instituted in 1979 to provide incen-

tives to produce.

The livestock business is not sufficiently developed for grain to be used in animal feed, so China has rescinded the normal prohibition on provincial ex-ports abroad. Even cross-conduty transfers, which were previously forbidden (strict local self-sufficiency has been the policy) are currently allowed. This should benefit the traditionally hard-up areas.

Political reason

The grain surplus is not likely to affect wheat imports. vear these touched 10.9m tons (though imports from the U.S. were down for political reasons, the Chinese bought more elsewhere) and are likely to be over 10m again this year. Peking sees these imports as a convenient way to supply the buge cities of the Eastern Seaboard, rather than burden an verstrained rail network still

crop bas been repeated in oil-seeds, soya and some cash crops. seeds, soya and some cash crops. flowers, like Mr Xie in Xian or Until the early 1980s, Chana was Mr Huang ontside Canton. a net importer of these com-modities. It is this year ex-pected to export over 1m lons apiece of oilseeds and soyaheans and 200,000 tons of cotton.

The cotton export is par-ticularly striking since in 1982 China imported 210,000 tons and as recently as 1930 bought nearly 750,000 tons.

the last three years. One is consistent good weather, an to have been done without essential for implementing any actimony. "We compensate in

recently come into production. The third is the 1979 rise in Canton. While the

dissolution of the communes.

Between them, U.S. officials calculate, these factors have brought astonishing increases in yields. If Chinese statistics are correct (sometimes doubtful as political factors can infinence them), the cotton yield is the highest in the the next distribution.

world is the nighest in the world wheat output is second only to the European Community's and rice output second only to that of the U.S.

Under the "responsibility system", since 1979 the peasants been proposed to the community of the com have been progressively allowed to operate in small groups or as single housebolds. Last year it was announced that the commuse organisations would be disbanded, splitting the administrative functions of from the economic ones.

This meant reverting to the

The husiness side of dealing with a mass of individual farmers and providing facili-ties such as transport and marketing was to be handled by new companies set up for old township system, which used to run local government. Some households have been allowed to opt out of grain pro-Success enjoyed in the grain duction altogether, and spe-rop has been repeated in oil-cialise in raising livestock or

Some run small businesses, and in a number of cases small businesses have grown to be

businesses have grown to be buge.

Three years ago the communes began dividing up the land among the bousehold, giving each a three-year contract to farm it. Under this system, families sign up to produce a certain quota and any and as recently as 1930 bought nearly 750,000 tons.

There are four good reasons why farming has taken off in the policies of the policies of

the size of the quotas for any disadvantage," said Mr Huang Deputy Director of Chen Cun

system went slowly at first as families adjusted to the idea of greater freedom but also greater risks, production rocketed and people soon realised the benefits. But some farmers slackened off last year when they saw their Syear contracts coming to an end. contracts coming to an end.
They were reluctant to expend
much effort or waste fertiliser
on land they might not get in

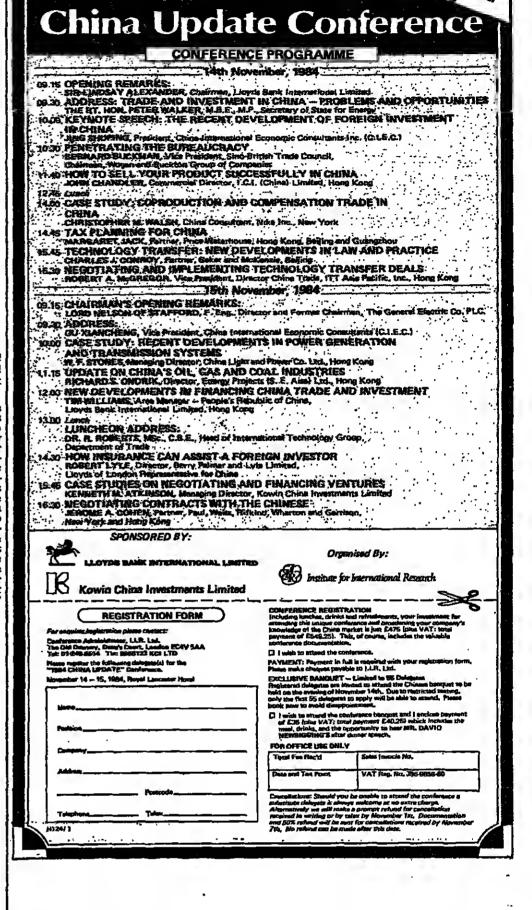
Rural work

To alleviate this problem Peking published a directive at the beginning of this year, the Central Committee No 1 circular on rural work, which set out the next round of policy changes and a long-term view of how to run the countryside.

This pressed for a land contract period longer than 15 years to give farmers a chance to develop the land and reap the benefit themselves. It also indicated that more facilities for the peasant-producer—help in marketing, for instance. should be provided.

The document also set out future goals which clarified Peking's thinking on how the standard of living in the vast rural areas should be improved. In the long-term, the leadership, it said, plans to reduce the actual farming population to only about 40 per cent, biving the rest off into sidelines like animal busbandry, fish cultiva-tion or small industry. "The gradual concentration of land among efficient farming families should be encouraged it

hitherto rare in Peking, gives hitherto rare in Peking, gives hope that eventually all China's \$00m rural population will attain a decent standard of living. Some local officials oppose the policies for political reasons. But 'the policies' popularity with he peasants suggests they



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Edging towards a repeat of former glories

governor of Shaanxi province Zhang Bin. "I do not have a diploma from a university. 1 fought with the New Fourth Army in Jiangsu in the Libera-

Appropriately, he was speaking in the red and gold recep-tion hall in Xian where in 1936 Mao, Zhou Enlei and Chang Kaishek negotiated a famous compromise in the civil war. Grizzled and hulky, 59-yearold Mr Zhang is in charge of the economy of Shaanxi, one of China's poorest and most remote provinces, Previously ba ran the planning office and has spent nearly 20 years in the province. He was defensive about Shaanxi's lack of pro-gress compared with "Those coastal cities." as be dis-

paragingly calls them.
"Our transport is not good,
we lack investment in capital construction and our natural conditions are poor." The province has no town of national importance except Xian and until very recently tha peasants lived in grinding poverty, victims of overpopulated land and a climate which alternates between drought and flashfloods.

He might also have added that the might also have added that the province's economy had been tha target of more than usually catastrophic mismanage-ment, and even now appeared to be dragging its feet in implementing Deng Xiapong's economic flexibility which has brought dramatic increases in purposperity elsewhere.

prosperity elsewhere. On the streets of Xian the air of conservatism is enhanced by the dark blue jackets and by the dark blue Jackets and straight hair of the girls, young officials show wide-eyed ignorance of dist ke—disco dancing, comon in Canton. Sedate ball-room dancing is allowed at "dance parties," provided "no primary school, midle school or consignate." See admitted and a foreigners" are admitted and a halt is called at 10.30 pm. In the past the province falled to solve its economic problems despite massive invest-

permission to produce more and make profits acts as an incentive to efficiency). We can pay bonuses for quality, but we must stick to our quotas as wa belong to the Ministry of Machinery." In the countryside, in striking

contrast to Guangdong, the rural "responsibility system" (where peasants contract with the local authority to produce quotes and may keep the surplus) has only been partially carried out. The name "commune," which has been abandoned in Guangdong,



One of the country's poorest provinces lagging behind in economic flexibility

Shaanzi till the end ofthisyear. Progress which has been made seems to be dua not so much to the government but to the initiative of individuals inspired by the new system.

It is hard work, however. Twenty-three year-old Xi Binhui Twenty-three year-old XI Binnui of Qianxian, Sû kllometres from Xian, grows rare vegetahles all week, on Saturday cycles for 8 hours to the city, spends the day seeling in the Sunday market, and then cycles hack overnight, ready for work on Monday. He makes about Yuan 200 (\$78) a month.

The farmers' income has un-

Tha farmers' income has undoubtedly gone up, but from a miniscule level. Vice-Governor Zhang quoted numerous statistics to underline their rise in wealth since the fall of tha ment by Peking,
At the Xian high-voltage insularto works, built by the
Russians in the 1950s, Mr Guo
Zhen, a management official, the suburbs even bave hlack

"I AM not one of your said "We aren't allowed to use and white televisions." That modern cadres," said hluft vice- the responsibility system would be commonplace in many the responsibility system would be commonplace in many (Deng's reform under which other provinces, where many

> Nevertheless, like other in land provinces, Shaanzi is now jumping on the foreign cooperation bandwagon. On December 1 at an international meeting in Xiau, 300 projects will be announced for foreign participation, Mr Zhang said. where as Xian plans to charga

where as Xian plans to charga less for land.

"Wa've already got a colour TV tube plant working with Japanese co-operation. We've learned a lot of technical and management knowhow from that. We've got a new hotel, tha Jianhua, due to open next year, through a joint venture with the U.S., and we're working with a Belgian company on pharmaceu-ticals and a Japanese group on

measuring instruments.

We're talking with American, French and Swiss companies on coal mining and light industry. Peking wants to make Xian an international airport, but we'll need to build one hig enough for 747s. That'll be at Xianyang, long airstrip where President about 20 km away." Xian has a Reagan landed last spring on his visit to the Qin dynasty terracotta soldiers. But this airstrip belongs to the military aircraft plant outside the town.

craft plant outside the town. Xian was the capital of China for a thousand years and in the great days of the Tang dynasty great days of the Tang dynasty supported a population of 1m, many of them artists, writers and merchants. It was the scene of some of the most romantic episodies in Chinese history. While the modern city is drab, it contains exquisite buildings and artefacts from the Western Zhou (around 1,000

Western Zhou (around 1,000 B.C.) onwards.

"In Tang times, Xian, as the start of the Silk Road, was open to the world," said vice-governor Zhang, uneasily justifying the modern open door policy with a historical parallel. "Foreigns lived here in large numbers2" (8th century Arah traders built a splendid mosque which still stands). "Whan we improve transport and conditions, we should be able to tions, we should be able to repeat that success."



Chinese army commanders on patrol along the border with Vietnam. Peking views stability in the area as vital and has been increasing state benefits to Kur

Tangible support to remote outpost

They live a primitive life in thatched huts with mud floors tending their pigs and roaming the surrounding tropical rain forests in search of game. They shoot elephants, tigers and shoot elephants, tigers and leopards—until quite recently using mainly bows and arrows with poison tips—worship the elements and practice ancestral marriage rites which the men in Peking frown on but tolerate with new-found liberalism.

In the past six years the Ji No have also been the recipients of more tangible state benefits which, until a few decades ago, which, until a few decades ago, made no impression on their lives—telephones, doctors, a school, subsidised food and a two-storey party beadquarters, looming incongrously over the thatched huts. The rumble of heavy trucks bringing supplies from Kunming, the provincial capital of Yunnan, or heading along the dirt tracks which lead to the Lactian border, punctu-ate the jungle sounds which reverberate in the lush valleys of this remote corner of the Chinese empire.

The reason for the party's tolerance is simple. The Ji No live in a mountain redoubt less than 50 miles from China's sensitive border where Vietns, we should be able to sensitive border where Viet- grown and smoked in the area. namese troops are said to But we have taken very harsh patrol and, occasionally, make measures to stop the trade and incursions into Chinese terri- since 1953 it's been virtually

THE JI NO tribe live on China's tory. Yunnan itself has over outer rim, in the remote 3,000 miles of common border southern province of Yunnan with Laos, Vietnam and Burma where the long arm of the Com-munist Party has to extend its designated minorities, many of fingertips to reach them.

which have kinship ties with tribes across the border "Stability of the horder areas, and therefore the stab-ility of our country, has much to do with the contentment of our minorities "explained one official. "If our minorities ware not satisfied then there would be no guarantee that the area would be stable."

The Chinese, in fact claim that Laos, prodded by Vietnam. China's historic rival in the area, has been systematically destabilising the border areas. An official in Simao, a strategically placed town close to all three borders, claimed both Laos and Vietnam have closed their borders with China putting a stop to the traditional ebb and flow of migrants. The Chinese also claim that the pro-Hanoi Laotian govern-ment has encouraged the flow of drugs from south-east Asia's "Golden Triangle," into

Yunnan province.
The Chinese Government has responded to these alleged provocations by heavily fortifying its border areas and taking very strict measures against drug dealers. "Before Libera-tion (in 1949)," said the official, "a great deal of oplum was



Southern border territory where stability is seen as essential

wiped out. A little gets through but our measures are so harsh that most people are deterred." The minorities of China, so hadly treated during the Cultural Revolution and under the Gang of Four, are now being

given special treatment to keep

them happy. In Yunnan a major effort is being made to raise their level of education. Students in tha province from the minorities have now reached 1.5m. Fifteen per cent of college students are from the minorities though this compares unfavourably with the population ratio which is one minority to every three Chinese or Han.

is tolerated again after the hrutal repression of the Cultural Revolution

The mosque in Kunming, for example, deservated by Red Guards in the 1970s, has just been given a Yuan 50,000 (\$19,470) face-lift. Regular, daily readings of the Koran are held in its intricately carved shrine and Arabic' is, once again, heard in the streets around the mosque.

But there are limits to this new-found tolerance. The subject of religion, for example, is avoided in state schools. In fact, much to the chagran of Yunnan's devoutly Muslim population, children are taught Marxist truths—" We tell them that there is no God. We have freedom of propaganda," said one official. "You can argue for or against God. We argue

of the majority Han (or Chinese) nationality. There are clear limits beyond which Peking will not go in relinquishing the levers of power in favour of appearing the counin time it seems likely that.

China's minorities in sensitive border regions such as Yunnan will be assimilated and Minorities are, by and large, will be assimilated and, exempt from the strict one eventually won over. The new, child per family dictum. On a liberal economic policies have

political level more jobs are helped smooth the path con-going to members of ethnic siderably. The majority of the minorities. Freedom of religion Yuman's minorities are farmers and have, therefore, benefited from the thousands of free markets where they can sell their produce

ink

The annual per capita income of Jl No tribesmen has accordof JI No tribesmen has according to the party, rism to over Yuan 350—close to the national average. Even if this is an "official truth" there is ample evidence of new wealth in these remote areas—a wireless blaring from a mud but, a new rifle hung over a farmer's shoulder, a new school satchel around a child's waist.

In the bigger towns, such as Simao. and Kunming, the evidence of self-improvement is even more dramatic. The streets are full of shoppers. The shops are packed with goods and, food is abundant. The spectre of starvation which haunted China before Liberation has all but Another area of friction is the vanished. Occasionally one sees army where virtually all the a child with a bally distended senior jobs are held by members from hunger in the remote bills of the majority Han (or of Yunnan but it is a zere sight.

Friction between the Han and China's ethnic minorities who regard the "men from the north" as interlopers is bound to remain a potent factor. But a combination of careful political management and economic growth are making things that

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